EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,660 Thursday October 6 1988 D 8523 A

SPANISH TRADE
An embarrassment of EC riches
Page 4

World News

Algiers hit by youth riots over economy

Hundreds of youths rampaged through the centre of Algiers, smashing shop windows and burning cars, in the first serious disturbances the city has witnessed since 1980. The riots, sparked by the high cost of living, pose a serious challenge to the Government. Page 4

Iraq thwarts talks
Tariq Aziz, Iraq's Foreign Minister, returned to Baghdad from New York, cutting short his UN visit and thwarting efforts to arrange direct talks between him and his Iranian counterpart, Ali Akbar Velayati. Page 4

Kach banned
Israel's extreme-right Kach party, which campaigns to expel the two million Arabs under Israeli rule, was banned by the central elections committee from contesting the country's November 1 ballot.

Debaters arrive
Senators Lloyd Bentsen and Dan Quayle, candidates for the US vice-presidency, arrived early this morning in Omaha, Nebraska, for their live television debate.

Labour attack
UK Labour Party leaders' attempts to unite the party behind their programme of policy modernisation came under renewed attack in advance of a finely-balanced decision at its conference on the key issue of defence. Page 9

Pakistan court move
Pakistan's Supreme Court blocked a move to reconvene the National Assembly, dissolved last May by late President Mohammad Zia ul-Haq, removing the last obstacle to planned democratic elections. Violence [illegible] Page 4

Ozal orders cuts
Prime Minister Turgut Ozal of Turkey ordered cuts in government spending to help curb soaring inflation.

Berlin roads deal
East and West Germany signed an agreement under which Bonn will pay its neighbour an annual fee of DM525m ($290m) between 1990 and 1999 for improved road transit links to West Berlin.

Bonn jobless policy
The number of unemployed in West Germany dropped by 70,000 to 2.1m in September, and the Government said the decline proved its policy of promoting economic growth was working. Page 2

Seoul to brief UN
President Roh Tae-woo of South Korea will go to New York later this month to brief the UN on his country's plans for reducing tensions with the communist North – the first appearance of a South Korean head of state before the world body.

Moscow inspects
Four Soviet officers carried out their first short-notice challenge inspection of British military manoeuvres in southern England.

Not the ticket
King Carl Gustaf's request for six special parking discs to speed the collection of his dry cleaning and groceries has been rejected by the city parking office, which said it would create a precedent.

Business Summary

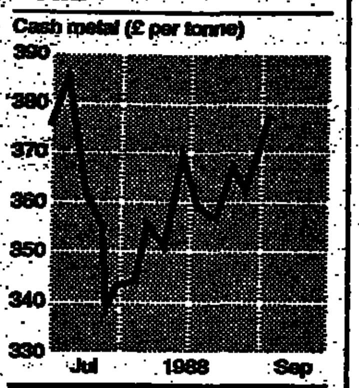
Irving Bank chief backs BNY $1.4bn merger offer

BANK OF NEW YORK announced it had won the support of Joseph Rice, chairman of Irving Bank, for its $1.4bn offer to merge the two institutions. Mr Rice said he would recommend approval of a marginally improved BNY offer, which would exchange each Irving share for 1.675 shares in BNY plus $15 in cash and warrants worth about $5.

EUROPEAN COURT of Justice turned down an appeal against anti-dumping levies ranging from 21 to 35 per cent lodged by five leading Japanese electronic typewriter makers. Page 20

LEAD prices broke out of their recent £360 to £370 a tonne trading range on the LME, three-month metal going as high as £377 a tonne before easing in the afternoon on profit-taking. Page 40

Lead
Cash metal (£ per tonne)



KOHLBERG KRAVIS Roberts, leveraged buy-out specialist, has increased its offer for Kroger, second-largest US supermarket chain, in the hope of pre-empting Kroger management's recapitalisation plan. Page 22

BRITISH companies have already made more acquisitions in the US this year than in the whole of 1987, J.P. Mervis & Co, London-based corporate finance adviser, said. Page 28

HENRI MARTRE, chairman of French state-run aircraft maker Aerospatiale, will temporarily assume the chairmanship of Airbus Industrie's supervisory board from Bavarian Premier Franz Josef Strauss, who died on Monday.

SALVATORE RANDI, director-general of Italy's IRI-STET state-owned electronics and telecommunications group, was named managing director of Italtel, Milan-based telecommunications equipment maker. Page 2

SOUTH KOREAN Government is seeking to restrain exports to the European Community through voluntary understandings with Korean industrial federations, said its EC ambassador. Page 3

US HOUSE of Representatives failed to overturn President Ronald Reagan's veto of protectionist textile, apparel and footwear legislation. Page 3

ALLIANZ, Europe's biggest insurance company, is set to raise premium income to DM26bn ($15bn) this year from DM23.9bn in 1987. Page 24

PETROLEOS DE VENEZUELA, national oil company, will pay $50m to Union Pacific of the US to become sole owner of Champlin Refining Company, which owns a major oil refinery in Texas. Page 22

BRIDGE OIL, Australian oil and gas producer and explorer, is to double daily production and increase reserves by some 62 per cent through a $112m purchase of Petrus Oil of the US. Page 23

DATA GENERAL of the US has announced a range of minicomputers to extend its product line into the higher performance and faster growing "super-minicomputer" sector.

Medvedev urges sweeping economic reassessment

By **Quentin Peel** in Moscow

A SWEEPING reassessment of Socialist economics was urged yesterday by Mr Vadim Medvedev as the newest star in the Soviet hierarchy confirmed the radical direction of the Politburo reshuffle orchestrated by Mr Mikhail Gorbachev, the Soviet leader, at the weekend.

Speaking in Moscow, Mr Medvedev said the Soviet Union must rethink the nature of property ownership, encourage individual enterprise, establish a functioning economic market and consider the hiving-off of parts of Soviet heavy industry.

Only days after his promotion from the Communist Party Central Committee secretariat straight into the Politburo, Mr Medvedev also confirmed his own key role in providing the economic ideology for perestroika.

His speech to a major gathering of social scientists from all the states in the Soviet Union amounted to a blunt rejection of the doubts of Kremlin conservatives such as Mr Yegor Ligachev, now relegated to the agriculture portfolio, that perestroika was undermining basic Socialist concepts.

Mr Medvedev, who has replaced Mr Ligachev in a key Politburo portfolio, welcomed the idea of socialist pluralism, or a genuine debate of ideas, both within a socialist society, and between the different socialist countries.

He rejected the notion that socialism and capitalism could develop in isolation, insisting instead that they were part of one international system.

As for the concept of a market, he said: "Problems of supply and demand under socialism require revision – the connection between the plan and the market.

"The market in our present day circumstances is an indispensable means of flexibly regulating production with growing and ever-changing social needs. It is an important instrument of social control over the quality of goods and production costs."

Mr Medvedev, whose background is as an academic and party functionary, has become the only real economist in the Politburo and his outspoken views in such a key area explain much of his sudden promotion. Moreover he has evidently spent the past two years, as the central committee secretary responsible for relations with the socialist states, studying their economic reforms at first hand.

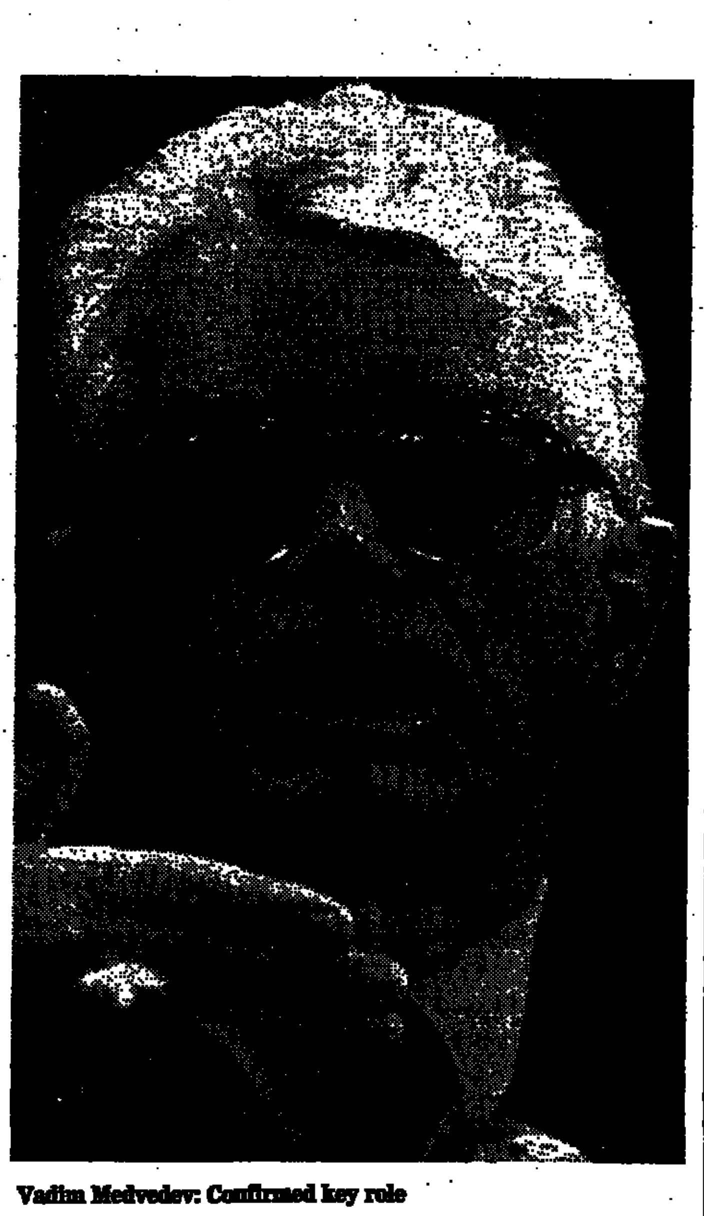
His speech, coming from the top of Soviet leadership, seems certain to unleash a new outpouring of hitherto heretical prescriptions for the reform of the Soviet economy.

"Until recent times, the entire complexity and multi-dimensional nature of the processes of socialist construction were reduced to the idea of developing socialist property – with a simultaneous artificial restriction on co-operative and personal ownership," he said.

"The essence of economic reform lies in the creation and strengthening of economic incentives, for a growth of production, and improving quality

Continued on Page 20

Preparing to lift curtain, Page 2; Gorbachev lectures Ceausescu, Page 2



Vadim Medvedev: Confirmed key role

Oil price falls as US crude stocks mount

By **Steven Butler** in London

WORLD OIL prices plunged again yesterday amid signs of growing disarray among major oil producing nations. The benchmark US crude, West Texas Intermediate, fell swiftly through $13 for the first time since August 1986, with November futures trading 59 cents down at $12.48 on the New York Mercantile Exchange.

The US markets were thrown into a tailspin by reports of a 5.3m barrel rise in US crude oil stocks in the weekly report of the American Petroleum Institute. This news followed hard on Saudi Arabia's threats to continue increasing output into an already overloaded market.

Mr Ginanjar Kartasasmita, the Indonesian Oil Minister, issued a call in Jakarta for an emergency meeting of the Organisation of Petroleum Exporting Countries.

Meanwhile, Mr Arne Oeien, the Norwegian Energy Minister, threatened to cease cooperating with Opec unless the cartel restores order at its November 21 meeting of oil ministers. Norway has cut the rise in its oil production by 7½ per cent for the past two years.

"We are going to seriously review our policy after the meeting," he said. The Norwegian move could be a blow to Opec efforts to encourage broad cooperation in establishing stability.

The price of North Sea Brent crude was taken down early in the day in Tokyo trading amid reports of increased chartering of tankers to be used in the Middle East. The increased chartering would indicate stepped-up oil shipments in the weeks ahead. Exxon, the US oil company, was reported to have chartered between eight and 10 large crude carriers for October loading.

European trading was further hit following the opening of New York markets, and Brent crude for October delivery closed off 52.5 cents at $11.25.

Traders said the heavy price falls yesterday were in part a delayed reaction to the Saudi threat to continue raising production, which has been estimated currently at 5.7m b/d, some 1.4m b/d above its Opec quota.

In a statement approved by King Fahd, the Saudi cabinet said on Monday that it would not allow other Opec members to benefit at the expense of the Kingdom. Dr Subroto, the Opec secretary general, has said that oil prices would fall to $5 a barrel should Saudi Arabia lift production to its current capacity of close to 8m b/d.

The Saudi move is seen as an effort to pre-empt efforts by Iran and Iraq to claim higher quotas for themselves. Mr Joseph Stanislaw of Cambridge Energy Research Associates said Iran had managed to lift production to 2.4m b/d, against an Opec quota of 2.369m b/d.

Petrol sellers face fairness inquiry, Page 10; Oil production climbs, Page 40

Yugoslav Party chief warns of changes

By **Aleksandar Lebl** in Portoroz, Yugoslavia, and **Bruce Clark** in London

MR Stipe Stuvar, Yugoslavia's Communist Party chief, has predicted far-reaching changes in the party leadership later this month. His warning coincided with fresh protests by workers over economic austerity, and unabated ethnic unrest.

In the northern region of Vojvodina, more than 10,000 people marched to the local party building yesterday and demanded the immediate resignation of the province's political leaders.

It was the latest in a series of demonstrations, some of which have attracted hundreds of thousands of people, in support of Serbian demands for more power over both Vojvodina, a multi-ethnic region, and Kosovo, a southern province where local Serbs allege persecution by ethnic Albanians.

At the same time, workers demonstrated in Belgrade for the second successive day in protest against the plunge in living standards which has followed the imposition of an IMF-sponsored economic recovery programme.

Mr Stuvar said in a television interview that "very soon" new people would be brought into both the 23-man praesidium of the Yugoslav Communist Party and the 165-man central committee.

He said 43 leading members of the Communist Party had been publicly charged with failing to discharge their responsibilities. Up to one-third of the central committee may be changed in between party congresses, which take place every four years.

The Yugoslav party chief suggested that the praesidium might invite a vote of confidence from the central committee and that any praesidium member who failed to attract two-thirds of the vote would be obliged to step down.

The praesidium consists of nine ex-officio members – the party chiefs of each republic and province, and an army representative – who would not be at risk in any vote of confidence. Any or all of the other 14 members, however, could be voted out of office by the central committee.

The Serbian nationalist movement has agitated strongly for the removal of leaders who fail to endorse their republic's demand for more power over Kosovo and Vojvodina.

Mr Slobodan Milosevic, the powerful Serbian party chief, won an apparent victory with a recent decision by the praesidium which appeared to give support to his republic's ethnic aspirations.

IMF experts are in Belgrade for negotiations concerning relaxation of an austerity plan launched under the Fund's guidance in May. The plan calls for inflation of 90 to 95 per cent for the whole of 1988 but prices have already risen by 130 per cent.

Fiat and Chrysler hold talks on US distribution

By **Alan Friedman** in Milan

FIAT said yesterday it was in negotiations with Chrysler, the third largest US car maker, aimed at distributing the Italian company's car models in the American market.

The Turin-based group pulled out of the US market in 1983 when it decided it could no longer sell its cars there profitably. Yesterday, however, it sought to downplay a report in the Italian press which suggested an agreement for its return might be near.

Mr Massimo Baravelli, a Fiat official, said: "I can confirm that negotiations are under way aimed at the distribution of automobiles. We hope a deal will be signed as soon as possible, but the talks are still at a preliminary stage."

Fiat's description of the Chrysler talks as preliminary comes 28 months after word leaked about the idea of a return to the US market by the Italian company through a deal with Chrysler.

After that first indication in May 1986 Mr Cesare Romiti, Fiat managing director, later announced – when he launched a successful offer that October for the state-owned Alfa Romeo – that Fiat had already lined up a US distributor for the sale of 60,000 Lancia and Alfa vehicles a year starting in 1990. He did not

Continued on Page 20

Big turnout of voters in Chile's plebiscite on future of Pinochet

By **Barbara Durr** in Santiago

CHILEANS went to the polls yesterday in a presidential plebiscite to determine the fate of Gen Augusto Pinochet who has ruled the country for the past 15 years.

The Government appeared to be honouring its pledge to assure an orderly poll as voting proceeded normally through the afternoon with no reports of violent incidents.

Under clear skies and a warm spring sun, voter turnout was high, a factor believed to be unfavourable for Gen Pinochet who hopes to win endorsement for a further eight years as president.

The conservative daily paper El Mercurio's featured an eve-of-plebiscite opinion poll which gave Gen Pinochet 55.3 per cent and the opposition 44.7 per cent. The survey, however, was done by Skopus, a government-contracted opinion poll company whose methodology has been questioned by other survey professionals.

Another poll, published in the opposition daily La Epoca, disagreed with El Mercurio's. Done by the Centre for Public Studies, a Conservative think-tank, it gave General Pinochet just 32 per cent and the opposition 52 per cent.

Voters formed long queues, at least in the capital where about a third of Chile's 12.5m population is concentrated. More than 7.4m Chileans, 92 per cent of those eligible, registered to vote.

The opposition continued to voice concern about irregularities that could disrupt the voting or invalidate the election. A one-hour blackout, caused by bombing of power lines on the eve of the plebiscite seemed to be a bad omen.

Yet, given that this is the first presidential election since 1970, the plebiscite is being conducted under unprecedented international scrutiny. More than 300 international observers and over 1,000 foreign journalists are present.

Of the 22,300 voting tables around the country, some 80 per cent were reported functioning by midday. Tables opening late have caused backups in some areas. Polls are legally obliged to remain open for nine hours.

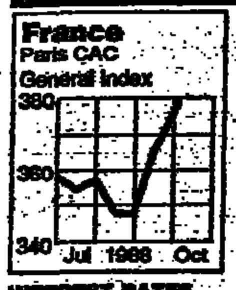
Opposition leaders also worried that despite a relatively elaborate system of safeguards the results could be rigged by the Government.

Preliminary results were expected by early evening. Both the Ministry of Interior, which is in charge of the official count, and the opposition, will have computerised indications of the outcome. The official count by the qualifying elections tribunal will not be known for at least another 10 days, and depending on complaints about irregularity the outcome may not be finalised for another month.

Voters find unusual safeguards, Page 6

MARKETS

France
Paris CAC
General index



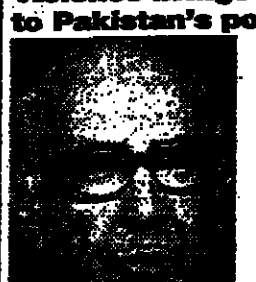
INTEREST RATES
US lunchtime
Federal Funds $7\frac{1}{2}$% ($8\frac{1}{16}$)
3-mth Treasury Bills: yield: 7.43% (7.46)
Long Bond: $102\frac{1}{32}$ ($101\frac{1}{32}$)
yield: 8.92% (8.95)
London
3-month interbank: close 12% (same)

STERLING
New York lunchtime
$1.6965 (1.69475)
London:
$1.696 (1.6945)
DM3.16 (3.1525)
FFr10.76 (10.7425)
SFr2.685 (2.6775)
Y226.25 (225.75)
DOLLAR
New York
DM1.86325 (1.86475)
FFr6.343 (6.3495)
SFr1.583 (1.583)
Y133.375 (133.35)
London:
DM1.8625 (1.861)
FFr6.345 (6.34)
SFr1.583 (1.5795)
Y133.45 (133.2)
GOLD
New York lunchtime
Comex Dec
$404.8 (402.7)

STOCK INDICES
New York:
Dow Jones Ind. Av.
2,102.24 (+0.18)
S&P Comp
272.38 (+1.74)
London:
FT-SE 100
1,826.3 (+19)
World:
125.93 (Tues)
Tokyo
Nikkei Ave
27,405.49 (-85.53)
Frankfurt
Commerzbank
1,567.8 (+8.4)
OIL
Brent 15-day (Argus)
$11.25 (-0.525) (Oct)
West Tex Crude
$12.515 (-0.75) (Nov)

CONTENTS

Violence brings misery to Pakistan's poor



President Ghulam Ishaq Khan has pledged to punish those responsible for the recent massacre of 200 people in Hyderabad. But he can do little to curb the growing violence of well-armed ethnic groups. Page 4

US puts pressure on allies to pay more for defence

By William Dawkins in Brussels

THE US yesterday stepped up pressure on its Nato partners to shoulder more of the alliance's defence burden and issued a warning against European Commission plans to impose duties on military imports.

Mr William Taft, US deputy Defence Secretary, told a meeting of Nato ambassadors in Brussels that the Commission scheme, to extend the EC's common external tariff from civil goods to cover military trade, had to be "nipped in the bud" to avoid misunderstandings about the nature of alliance membership. Mr Taft warned that the plan might undercut alliance efforts in collective defence and could create strains in the debate over burden sharing, according to Nato officials.

His warning, the most public – though not the first – US condemnation of the Commission plan, won the support of Canada, but drew an attempt at explanation from West Germany, said officials. It has yet to be agreed by EC member governments.

The official purpose of Mr Taft's visit was to monitor progress of a study group on how Nato's defence spending can be shared more equally between members. The group's report is due to be presented to a meeting of defence ministers in December.

Mr Taft told journalists after the meeting that he was heartened by "the constructive attitude" towards burden sharing shown by the European allies. But completing the review, which would contain details of the adequacy of individual countries' contributions, would not be an easy task.

"We have identified shortfalls in Nato force structures, training, munitions and modernisation, all of which could be met by providing more money," he said. "We need to be sure that everyone is contributing and that everyone's different contributions are recognised." The study would urge more efficient use of resources as well as increased spending.

The study, launched by Nato defence ministers in May, will influence the next US Administration's response to demands from Congress to reduce the US defence presence in Europe, say Nato officials. They say attention is centring in particular on Nato members that allot to defence less than the alliance mean of 3 per cent of gross domestic product. These include Denmark, Canada, Italy, Luxembourg, and Spain, as well as West Germany, where spending is on the Nato mid-point.

Mr Taft will accordingly be visiting senior defence officials for discussions on burden sharing over the next week in Bonn, Rome, Madrid and Luxembourg. He will also see officials in the Netherlands.

Light pierces a dark corner of Italian politics

John Wyles reports on attempts to end the unrestricted use of secret voting in Parliament

A SMALL, very important beam of light is set to shine from today on some of the murkier reaches of Italian politics where the fate of governments and party leaders has often been settled in anonymous shadow.

Barring last minute accidents, the Camera, the lower house of the Italian Parliament, should today put an end to the 140-year tradition, suspended only during the Fascist years, which has allowed the unrestricted use of secret voting on legislative items.

During a scalding two-week controversy which has put the Government under severe strain, the secret vote has been held responsible by its enemies for the most corrupt iniquities of Italian politics and proclaimed by its supporters as a defence against all kinds of tyranny. This includes the "tyranny" many fear – the enhanced power of party leaders over the maverick and unruly.

In the past week, Mr Ciriaco De Mita, the Christian Democrat Prime Minister, has struggled to secure the backing of a significant minority of his party for a policy which is one of the pillars upon which his coalition is built.

Mr Bettino Craxi, the Socialist leader, is determined to reduce to a minimum the use of secret voting and has seemed ready to watch the Government fall rather than compromise on the policy programme agreed last April.

Last weekend, the Christian Democrat dissidents appeared to find a leader in Mr Giulio Andreotti, the Foreign Minister and a man usually labelled "wily" because his subtlety defies journalistic description.

There was no lack of political symmetry about Mr Andreotti's support for the view that the secret vote should be retained for rather more matters than the constitutional and family rights issues agreed by the five coalition parties.

To many observers, the Foreign Minister must be viewing with immense regret the strict curbing of a practice which has symbolised and legitimised the backroom deals in which he excels.

The post-war Christian Democrat approach to politics has gratefully pocketed political and financial support wherever it can be found and, if necessary, delivered under the cloak of secret voting. This style of political game, which allows for no permanent enemies and non-stop bargaining with the widest spectrum of economic and political interests, received its fullest incarnation in the *compromesso storico* of a decade ago.

But this formal dependence of a Christian Democrat Government on Communist party support was only the public flowering of a rather more covert parliamentary collaboration between Italy's two largest parties for which the secret vote had often been the cloak.

Reluctant to lose this cover, the Communists have vacillated wildly, sliding from a blocking position in Parliament to a grudging acceptance of a reform which is likely to make them even more of a marginal political force in Italy.

Mr Craxi's eagerness for abolition stems from his belief that the Socialists will be more protected from any move by the Christian Democrats and the Communists to cut secret deals at the his party's expense. Knowing that threequarters of a loaf is better than none, the Socialist leader yesterday signalled his agreement to Mr De Mita's alarmed appeal for a further compromise with the Christian Democrat dissidents, which would retain the secret ballot in the Camera for any changes in the electoral laws.

An unrelenting Craxi line could have caused the fall of the Government and early elections. As it is no one will be sure of the Andreotti rump – which could deny the coalition the absolute majority it needs – until voting (secretly) closes today.

Open parliamentary voting should not only bring some transparency into Italian politics, it should also reduce the level of governmental instability. A succession of governments in recent years has been rocked by a melting away of majorities – usually Christian Democrat – and the last coalition, headed by Mr Giovanni Goria was actually brought down in this way.

The Government's 1989 budget proposals should enjoy some early benefit from the reform. At the very least, the coalition should be able to keep its proposals more sheltered from predictable parliamentary amendments aimed at putting tight spending targets under pressure.

Top bodies of Soviet government prepare to lift the curtain on their activities

By Quentin Peel in Moscow

GENUINE glasnost – alias openness – as opposed to the mere slogan, is very slowly creeping into the highest echelons of Soviet life.

The latest manifestation, within days of Mr Mikhail Gorbachev's major government reshuffle to consolidate his hold on the ruling politburo, is the announcement of two new *newspapers* to publish both decisions and draft resolutions in the top organs of the Communist party and the Council of Ministers.

Such information has hitherto been simply unavailable, at least until months after the event, except through the predigested columns of the Soviet press.

The decision was announced after the very first meeting of Mr Gorbachev's new-look politburo, minus the presence of Mr Andrei Gromyko and Mr Mikhail Solomentsev, veterans of the rule of Mr Leonid Brezhnev, and in which the Soviet leader's closest allies have won key positions.

Just to publish two more government newspapers obviously still falls far short of complete openness – as indeed does the very concept of glasnost. The official definition, just published in the latest issue of the Soviet "political dictionary", still states: "Glasnost does not apply to information on state, scientific, technical, production and medical secrets."

Nor do their titles inspire much hope for exciting reading: one will be called simply Izvestia (News) from the Central Committee of the CPSU (Communist Party of the Soviet Union). The other will be called Government News.

The change is that hitherto only the most truncated information has been published from the politburo and the central committee, and certainly no "draft resolutions" as are now promised.

The Council of Ministers has suddenly improved in the past three months, with top Soviet journalists invited to attend key meetings, and reproducing vivid descriptions (albeit well-larded with political comment) of the debates they heard.

The new central committee newspaper is intended "to keep the public regularly posted on the current activities of the central committee, its leading organs and apparatus, and publish the transcripts of the *more important meetings*" including information about the election and endorsement of party workers, their biographies and news from local party organisations.

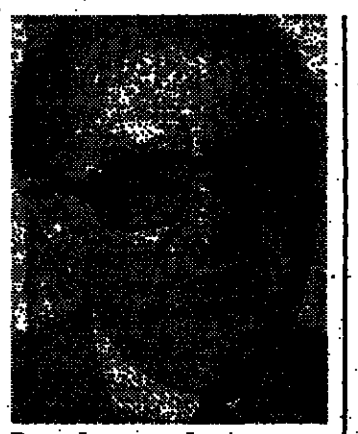
The Council of Ministers' paper will publish analysis of statistics – currently still in woefully erratic supply, and reactions of government agencies to "criticism in the mass media."

Apart from the desire to be rather more open in government, and encourage public debate, the decision is almost certainly a reflection of some irritation in the Soviet leadership at the increasingly independent stance of Soviet newspapers. Even Pravda, the central committee's own newspaper, is no longer a mere mouthpiece.

On the other hand, it may very well give even more freedom to the braver organs of the Soviet press to be more independent, if they no longer have to reproduce the official information exactly as it is presented to them.

The trouble is that the concept of glasnost keeps being redefined. The political dictionary just issued – currently on sale at stalls in Gorky Street for just Roubles 2.50 (£2.36) – has actually cut out a line of last year's description of glasnost as "revolutionary awareness".

Now it is simply: "One of the main democratic principles, ensuring openness in the work of organisations of government, and accessibility of the public to information concerning the activities of these organisations." In practice, that is still a long way down the line.



Papandreou: good recovery.

Athens denies limited role for Premier

By Andriana Ierodiaconou in Athens

THE GREEK Government has denied press reports that Mr Andreas Papandreou, the Socialist Prime Minister, who underwent a seven-hour cardiac operation in London last Friday, will limit his activities to foreign policy and delegate the rest of his duties on his return to Athens.

Officials said they expected Mr Papandreou to resume his activities in full after his operation.

The 69-year-old Premier, who received an aortic valve transplant, combined with a triple by-pass and the repair of a blocked coronary artery, has recovered rapidly.

On Tuesday he received his first working visits, from Cypriot President George Vassiliou, on an official stopover in London en route for the UN general assembly in New York, and from Mr Karolos Papoulias, Greece's Foreign Minister.

It is estimated that, all being well, Mr Papandreou could return to Athens by the end of the month.

Socialist party cadres are already said to be preparing a hero's welcome for the Prime Minister.

The odds also now appear to be in favour of his being able to attend December's European Community summit in Rhodes which will round off Greece's six-month presidency of the EC.

Uncertainty over Mr Papandreou's health in recent weeks had prompted speculation that the summit might be cancelled or postponed. This provoked the wrath of Mr Theodore Pangalos, Greece's Minister for EC Affairs, who charged that such speculation was malicious and served the interests of Greece's conservative opposition.

One key question is how soon Mr Papandreou might be fit to fight an election campaign. Before the Prime Minister became ill there were suggestions that he might call a snap general election before June when one is due constitutionally.

On the margins of political life, Greeks are agog to see how the Prime Minister's private life will develop.

Mr Papandreou announced from London last month that he intended to file for a divorce from his American wife Margaret on his return to Athens.

His illness served to confirm officially his liaison with Ms Dimitra Liani, an air hostess, who has openly attended the Prime Minister since he was rushed to London for treatment at the end of August.

Gorbachev reads lecture to Ceausescu

MR MIKHAIL GORBACHEV, the Soviet leader, yesterday bluntly warned Mr Nicolae Ceausescu, his Romanian counterpart, of the danger of "failure" in any country in the Communist world.

In a scarcely-veiled reference to Romania's refusal to compromise on human rights issues at the Vienna talks on security and disarmament, Mr Gorbachev insisted on "the observance of legality and the rule of law (as) a guarantee of normal development of every country."

He also renewed his plea for the creation of a "common European home", bringing together both Comecon and the European Community – and barely concealed his irritation at Romania's resistance to restructuring the Socialist bloc.

His speech at the official lunch in the Grand Kremlin Palace, in honour of Mr Ceausescu was a masterpiece of diplomatic phrasing to dress up a stern lecture from a thoroughly exasperated headmaster.

It made all the necessary gestures towards recognising Romania's perfect freedom to choose its own Socialist course, but made it quite clear that Mr Gorbachev believed passionately in the need to overhaul outdated Socialist structures.

It was far more severe than the address he made only last week to Mr Erich Honecker, the East German leader, when he defended his own reforms, without a hint of criticism of the still highly-controlled but more successful East German economy.

"Profound reform is known to be pursued currently in a number of Socialist countries," the Soviet leader said yesterday, "while others are seeking to resolve their problems within the existing frameworks *of already existing structures* and methods.

"One thing is clear, however: the notion of Socialism will be formed on the basis of evaluating the combined experience of Socialist nations.

"The success of each of them will be a common ideological achievement, but the failure of any can, alas, mean a common setback too."

He went on to rub the point in: "As far as we, the Soviet Communists . . . are concerned, we are deeply aware of our internationalist responsibilities." Perestroika, he said, would "definitely succeed".

On relations between Comecon and the EC, he warned that if both sides developed separate common markets, they could end further apart.

As for human rights, his words were perhaps even more oblique, and yet pointed. He managed to link his own acceptance of Romanian independence with a call for a better record on human rights.

The concept of international legality was embodied in the Helsinki Final Act, he said.

"Unconditional recognition of the independence of states, the free choice by all peoples of their own road, and respect for the rights and freedoms of each citizen: they are the axiom for mutual relations of the Socialist countries," he declared – as well as, of course, for relations with the rest of the world.

Polish club wins approval

POLAND'S Dziekania political club, tolerated unofficially by the authorities for four years, has won official approval, AP reports from Warsaw.

It appears to be the first time an independent, political organisation has been legalised in communist Poland.

The club hopes to serve as an open political forum and present concrete solutions to Poland's economic and political problems, but has no immediate intention to act as a political party, said its chairman, Mr Stanislaw Stomma, an 80-year-old lawyer.

About 100 independent political activists, many of them church intellectuals, have joined Dziekania.

Siberian gas field shut over social costs

THE AUTHORITIES in a Siberian province have closed down a new gas field in the far north while a demand for compensation for destruction of the livelihood of local people is considered, the weekly Moscow News said yesterday, Reuter reports.

In a vehement attack on the absence of planning during 15 years of random exploratory work in the Yamal peninsula in west Siberia, Moscow News said no attention had been paid to the needs or social development of the area's Yenets people.

"But in the midst of all this casting about, uncertain planning and chaotic activity in Yamal, an important and remarkable event took place," it said.

"An instruction was issued for the immediate halt to all work by the gas industry," it reported, adding that the order came from the Tyumen provincial council, apparently acting over the heads of the authorities in Moscow.

Full-scale extraction from the Yamal field was due to start in 1991.

The newspaper said the Tyumen council was demanding a state payment of Roubles 260m (£247m) to make up for destruction of the Yenets' traditional reindeer farming, hunting, trapping and fishing.

The weekly quoted officials as saying that from the air, thousands of square kilometres of the peninsula could be seen to be destroyed, worn down and rutted by gas exploration.

The first gas deposits in Yamal, a peninsula north of the Arctic Circle, were located in the 1960s. Exploitation was held back by harsh climatic conditions, a heavy permafrost and lack of roads. But with development just to the south of the giant Urengoi gasfield, exploration of Yamal began in earnest in the 1970s.

According to Moscow News, a massive industrial construction plan was carried out in Yamal without any funds being directed to "non-productive expenses" such as environmental protection or guaranteeing the needs of the population.

"We went to Yamal virtually without any research, totally blind," it quoted a government official as saying.

W German jobless total falls

By David Goodhart in Bonn

UNEMPLOYMENT IN West Germany fell sharply in September to 8.1 per cent of actual or potential workers, down from 8.5 per cent in August. The 67,246 fall in the unemployed total compared with last month gives the lowest September percentage since 1982.

However, while the figure was better than expected and provides some grounds for optimism the rapidity of the fall is somewhat misleading according to analysts.

That is partly because September always sees a seasonal reduction in unemployment but also because the figure of actual or potential workers, against which the unemployment percentage is calculated, has recently been increased in line with the latest census data.

The comparison of 8.1 per cent unemployment with last September's 8.4 per cent is thus unduly flattering. Nevertheless, the actual number of registered unemployed has fallen by 7,259 compared with last September, which is the first month this year to record a lower real figure.

The average number of unemployed for 1988 as a whole is almost certain to be higher than 1987 *even if* the percentage may be slightly below last year's 8.9 per cent.

Mr Heinrich Franke, head of the Federal Labour office, said that the positive trend was also a result of fewer young people coming on to the job market. Unemployment among the under 20s was 29,000 below that of last September.

Professor Norbert Walter, senior economist at Deutsche Bank, said the lag effect of faster growth on reducing unemployment could last until next summer.

The influx of Germans from the East bloc and more women workers would, however, work against the fall.

The Christian Democrat/Christian Social Union CSU association of *Mittelstand* (medium-sized) companies claims that tighter conditions imposed on the collection of unemployment benefit could reduce the jobless figure by 500,000.

Brussels gives all-clear to Campari owners

By Tim Dickson in Brussels

THE ITALIAN owners of Campari bitters have been told by the European Commission that their arrangements for the manufacture and distribution of the drink in other member states are compatible with European Community competition rules.

The sending of the so-called "comfort letter," confirmed in Brussels yesterday, brings to an end an 11-year-old saga which began when the Commission granted an exemption under the rules for various exclusive agreements with companies in Benelux, Denmark, France and West Germany signed by Davide Campari-Milano.

The Brussels authorities say that the situation has since "changed considerably" and that manufacture and distribution in some countries are now carried out by subsidiaries of Campari-Milano and that in other states licence agreements have been replaced with exclusive distribution agreements.

Before sending its letter the Commission also insisted on amendments to agreements in the UK, Ireland, Greece, Spain and Portugal.

Coffee and sugar prices soar

By James Blitz and Judy Dempsey in Sofia

THE BULGARIAN authorities, in an unexpected decision, have doubled the price of coffee and increased the price of sugar by 50 per cent. Officials say the increases are not part of any wider stragegy to raise food prices or reduce state subsidies on basic food products.

Agricultural officials yesterday claimed that the increase in the price of sugar was aimed at curbing the illegal manufacture of home-brewed spirits.

But the coffee increases are linked to the country's growing hard currency debt. That is now estimated to be around $6bn, a figure which has more than doubled since 1983.

Bulgaria, in contrast to Hungary and Poland, has not yet experienced difficulty with its debt repayments. But economists in Sofia seem increasingly concerned that the mounting debt could slow the country's plans for economic reconstruction.

In particular, Bulgaria has had to compensate for poor harvests for three consecutive years by importing grain from abroad and paying for it in hard currency. The 1988 harvest is certain to be no exception.

Changes in the composition of the politburo might give some indications about the future direction of the economy.

Grapo murders policeman

A LEFT-WING guerrilla group claimed responsibility yesterday for killing a policeman in Madrid, its first such attack in four years, the radio station SER said, Reuter reports from Madrid.

The policeman was shot while on duty in an identity card office.

The radio station said an anonymous caller telephoned to claim responsibility in the name of the October 1 Anti-Fascist Resistance Groups (Grapo).

Grapo, blamed for 54 killings since 1975, had not killed a policeman since 1984 and was believed to be largely extinct.

Managing director appointed for Italtel

By Alan Friedman in Milan

MR SALVATORE RANDI, the director-general of Italy's IRI-STET state-owned electronics and telecommunications group, was named yesterday as managing director of Italtel, the Milan-based telecommunications equipment maker.

The 58-year-old Mr Randi will thus take the place of the late Mrs Marisa Bellisario, who died in August. Ironically Mr Randi had worked below Mrs Bellisario at Italtel from 1982 to 1986, when he moved to STET.

The appointment is not without a touch of political controversy. Although he is widely respected in the telecommunications sector, his name featured last year when he was seen as Fiat's preferred candidate for the managing directorship of Telit, the joint venture telecoms company that was to have been formed between STET and the Fiat group's Telettra subsidiary.

In the event the IRI group proposed Mrs Bellisario instead.

Fiat pulled out of the venture last November and Mr Cesare Romiti, Fiat's managing director, complained bitterly that the proposed appointment of Mrs Bellisario represented political interference because she was associated with the Socialist party of Mr Bettino Craxi, the former Prime Minister.

In Rome it was said that Fiat had effectively blackballed Mrs Bellisario. Even today the mere mention of the Telit affair is a delicate matter in Italian politics and business.

The mild-mannered Mr Randi, a former director-general of Fiat's Telettra, was approved yesterday morning by the executive committee of IRI in Rome.

A STET spokesman said that the only vote against Mr Randi came from Mr Massimo Pini, a Socialist member of the IRI board who objected to removing Mr Randi from his top executive post at STET just as the state group was heading for a major reorganisation.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E.Hugo, Frankfurt/Main, and, as *members of the Board of Directors*, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: G.D. Owen, Financial Times, Bracken House, Cannon Street, London EC4P 4BY. © The Financial Times Ltd, 1988.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd, Ostergade 44, Copenhagen, DENMARK.

US House fails to override textile veto

By **Nancy Dunne** in Washington

THE US House of Representatives has failed to override President Reagan's veto of protectionist textile, apparel and footwear legislation, and the bill is thus killed for at least another year.

The final vote was 272-152, 11 short of the necessary two-thirds majority vote needed to override a presidential veto. It was the second time in two years that the Democratic House failed to override a protectionist bill for the industries, despite wide popular support for strong action against imports, particularly in the South.

Last-minute lobbying was intense. Workers, bussed in from Southern states, distributed literature and rallied on the Capitol steps where they chanted: "Vote to save my job, and I'll vote to save yours."

In the debate, legislators urged an override on national security grounds, arguing that the US was losing the industries it would need to clothe its soldiers. The "free trade" forces held, and President Reagan hailed the vote as a reaffirmation of America's commitment to international free trade.

Although the bill received bipartisan support in both the House and Senate, many Southern Democrats hope to make it the President's veto an election-year issue. Vice-President George Bush, the Republican candidate, opposed the bill, and Governor Michael Dukakis, the Democratic candidate, refused to take a stand until the last few days.

In the end, Dukakis campaign officials said that while the Governor opposed this particular bill because it would establish permanent quotas, he would back short-term relief – for up to five years – if the industry made clear commitments to modernise during that time.

The legislation was something of a free trader's nightmare. Multilateral quotas already negotiated would have been superseded, but tariffs already in place – some as high as 18 per cent – would have remained in force.

New quotas would have restricted growth of textile and apparel imports to 1 per cent per year. Footwear imports would have been frozen at 1987 levels.

The legislation would have established a one-year pilot programme to auction off 20 per cent of the total value of the textile and apparel import quotas to the highest bidder.

Countries that agreed to buy more US farm products would have received preferential treatment in the assignment of the quotas.

US trading partners argued strenuously against the Bill and threatened retaliation. The EC has warned that passage would jeopardise the Uruguay Round of Gatt negotiations.

Worldly Australian heads a mission to Europe

Chris Sherwell reports on the hopes and aims of a trade delegation from South Australia

OUTSIDERS often have trouble distinguishing one state from another in the Australian federation. But for most Australians it can be the most powerful focus of their loyalties.

That is certainly true of Mr John Bannon. He is the youthful-looking Labor Premier of the near-invisible state of South Australia – sometimes cruelly described as the one separating this giant country's west from its east.

But in fact Mr Bannon is worldly as well as parochial. He knows South Australia needs foreign investment, so earlier this year he headed a big mission to Japan. In 10 days' time he starts an important visit to West Germany, Britain and Sweden with a platoon of officials and local industrialists eager to sell the state to anyone who will listen.

For Europeans who care more about Australia as a whole than its states, the 44-year-old Mr Bannon is no less interesting. Earlier this year he became national president of the Labor Party. He is the country's most popular politician. And he is regularly tipped as a future Australian Prime Minister.

Of the three countries he is visiting, Sweden is the most important. In a two-week trip, Mr Bannon will spend six days there, in Stockholm, Gothenburg and Malmo.

Unplanned and unnoticed, South Australia has developed a new and unlikely trading relationship with Sweden which goes beyond Saab and Volvo car sales or Ericsson's well-established ties with Telecom Australia.

The cornerstone is the massive A$4bn (£1.8bn) contract for six diesel-powered submarines awarded last year to Kockums, the Swedish shipbuilder. It is the largest single manufacturing contract ever undertaken in Australia, and the subs will be built in Adelaide.

Another new line of business lies in South Australia's wine exports. Over the past couple of years, as Australia's wine has won acclaim and overseas sales have surged, the biggest market by far has turned out to be Sweden – and the main exporters, particularly Penfolds and Hardys, are in South Australia.

In West Germany, Mr Bannon will be seeing the motor companies Mercedes Benz and BMW in Frankfurt and Munich. Adelaide is one of Australia's two vehicle manufacturing and component producing centres and lays claim to the best industrial relations record and cheapest labour costs in the country. The idea will be to persuade European auto groups to source components such as rear view mirrors from South Australia.

In Britain, Mr Bannon will call on Mrs Margaret Thatcher, the Prime Minister, and Mr Neil Kinnock, leader of the Opposition. His main effort will be a pitch for more investment by high-tech companies, particularly in defence-related fields such as electronics and communications.

Bannon: popular politician

Adelaide is already the base for British Aerospace Australia and, until the company decided to sell out to local interests, Thorn EMI. It is also home to the country's principal defence research establishment, a spin-off from Britain's rocket testing at Woomera. In London Mr Bannon will be trying to entice companies like Plessey, Ferranti, Racal and STC.

South Australia has been something of a poor relation even as a home for manufacturing next to the more populous New South Wales and Victoria. It lacks the sort of mineral wealth enjoyed by other states and possessed none of any real size before the recent Cooper Basin onshore oil and gas find and the Roxby Downs uranium and copper project.

"I want to draw people away from that Sydney-Melbourne axis, tell them we have a sophisticated technology base and a cultured city of more than 1m people in Adelaide, and describe what we do well," says Mr Bannon. But he remains adamant in his determination to ensure that South Australian companies remain under local control.

As far as Mr Bannon is concerned, local control means assured development of the state, which is his abiding aim. That is why the state government set up the management buy-out of Reckitt Colman's Orlando wines last year and why it found a local buyer for the famous makers of Akubra hats, R.M. Williams, to halt a bid from Britain's Laura Ashley group.

The Government was also closely involved in the recent abortive attempts by the BAT subsidiary Amatil to buy C.C. Bottlers and ICI's bid for the F.H. Faulding pharmaceutical group. In relation to Santos the previous government even passed legislation preventing any non-state shareholder buying more than 15 per cent

"There is nothing sinister or inapposite about what we've done," says Mr Bannon. "There is no group of cronies. The aim is to strengthen local investment participation. We paid heavily when the ANZ took over Bank of Adelaide in 1979. We fell out of sight. There is a need for corporate decision makers in this city."

South Korea seeks to curb exports to EC

By **David Buchan** in Brussels

THE SOUTH KOREAN government is seeking to restrain its exports to the European Community through a new series of voluntary understandings with Korean industrial federations, according to its ambassador to the EC.

Mr Chong Ha Yoo, the South Korean envoy, said his country had "got the message" about its sharp 1986-88 increase in exports to the EC.

The increase has led the European Commission to initiate several dumping investigations and to impose a recent dumping duty on South Korean videotape recorders.

As a result, the Ministry of Commerce and Industry in Seoul has asked industrial associations to monitor closely the sales performance of any member-companies whose export increase to the EC exceeded 30 per cent a year, and to restrain any whose export increase went beyond 50 per cent, Mr Yoo said.

In certain electronic products, South Korean companies had been advised to stop selling to Europe altogether for a period.

Both Seoul and Brussels officials stress the unilateral and voluntary nature of the restraint.

There was widespread awareness in his country, the ambassador said, that the recent surge in exports to the EC had been somewhat counter-productive and that "some self-interest was now in Korea's own interest".

Seoul had been criticised in Europe for "laser beam" exporting tactics designed to knock out local competition in certain sectors, he added.

But he claimed the South Korean export surge to Europe was due more to the post-1986 appreciation of the Japanese yen, making some Japanese goods less competitive, and to habits of rapid expansion that South Korean exporters had learned "in the more fluid US market".

According to Korean statistics, South Korean exports to the EC rose by 50 per cent to $6.5bn last year, while its imports from Europe increased by 40 per cent to $4.6bn.

This showed, said Mr Yoo, that despite its complaint that the Korean won was being kept artificially low, the European Community was still able to sell substantially more to the expanding South Korean market.

Japan asks Gatt to probe EC anti-dumping actions

By **William Dullforce** in Geneva

JAPAN THIS WEEK took a further step towards asking the General Agreement on Tariffs and Trade (Gatt) to investigate its complaint against the European Community's anti-dumping actions.

It formerly requested Gatt's anti-dumping committee to try to conciliate the two sides. Under the slightly different procedure of the anti-dumping code, this step immediately precedes a call for the establishment of a Gatt panel to adjudicate the dispute.

Conciliation at the committee stage is not expected to succeed. The EC rejects the argument that its actions are inconsistent with Gatt and Japanese officials made it clear after their failure to settle the issue in bilateral consultations with the EC Commission that they were ready to take the matter to a panel.

Resolution of the dispute will take a long time. Tokyo's request will be on the agenda of the anti-dumping committee's next regular meeting on October 27.

Bell Atlantic wins Dutch telecom deal

By **Hugo Dixon** in London

BELL ATLANTIC, the US telecommunications operator, has won a contract to help the Netherlands telephone monopoly modernise its network.

The contract, whose value has not been disclosed, is another example of how the regional Bell operating companies (BOC) have been expanding overseas since the break-up of the Bell system in the early 1980s.

Bell Atlantic, which has been one of the most aggressive BOCs, has already won a contract to help Telefonica, the Spanish telephone monopoly, modernise its network. Similar deals with two further European countries are being negotiated, Mr Thomas Bolger, Bell Atlantic's chairman, said yesterday.

Bell Atlantic is providing the Netherlands telephone company with a network management system. Such systems are an essential part of the telecommunications modernisation programmes being implemented around the world, as they enable operators to respond quickly to changing call patterns and prevent blockages.

Mr Bolger explained that Bell Atlantic's ambition was to position itself to take advantage of what it expects to be an explosion in demand for communications services worldwide over the next decade. The company is viewing Europe with special interest because of moves to open up the previously protected national markets to outsiders.

As well as helping European telephone operators with their modernisation, Bell Atlantic has been establishing a computer maintenance operation in Europe.

It has bought six small companies and is now integrating them with its US maintenance business, which is called Sorbus.

Mr Bolger said that Bell Atlantic was now considering setting up a European headquarters to give support to its businesses in the continent. The UK is being looked at as one of the possible locations.

Venezuela link planned by Elkem

By **Karen Fossli** in Oslo

ELKEM, the Norwegian metals group, has signed a letter of intent with Venezuelan state owned development corporation CVG (Corporacion Venezolana de Guyana) to co-operate in three potential projects: a silicon metals plant, a microsilica plant and the production of carbon products for the smelting industry in the eastern region of Guyana.

The deal gives Elkem an 80 per cent stake in each project and CVG 20 per cent. A feasibility study is to be completed within four months.

CVG is a holding company responsible for developing Guyana's mineral and hydro-power resources. It is a majority shareholder in Delca (hydro-power), Sidor (steel), Alcasa and Venalum (aluminium), and Fesilven (Venezuela's largest ferro-alloy producer).

Separately, Elkem, one of the world's largest ferro-alloy producers with production in Europe and America recently signed a $60m contract to supply equipment, services and marketing assistance to Fesilven.

Fesilven plans to expand its annual ferro-silicon production to 80,000 tonnes from 55,000 tonnes and to bring on-stream a silicon metals production facility of 12,000 tonnes a year by 1991.

Christiania Bank, Norway's largest bank, and the Banco Latino Group together arranged financing for the expansion project. Elkem is negotiating with the Banco Latino Group to arrange financing for the three other projects.

● Hydro Aluminium, a division of Norsk Hydro, Norway's largest publicly quoted company, has agreed with the Bauxite Industry Company of Georgetown, Guyana, to undertake a six-month technical and economic feasibility study to upgrade an alumina plant in Linden, Guyana, whereby Hydro Aluminium will purchase the plant's total production under long-term contracts.

Challenge to EC dumping duties collapses

By **William Dawkins** in Brussels

A FUNDAMENTAL challenge to the basis under which the European Commission works out anti-dumping duties yesterday collapsed in the European Court of Justice.

The Luxembourg court turned down an appeal against anti-dumping levies ranging from 21 to 35 per cent lodged by five leading Japanese electronic typewriter makers. While the decision came as no surprise, it will add a new irritant to EC-Japanese trade relations at a time when Tokyo is increasingly anxious about protectionism in the Community.

Yesterday's case was the second so far in which Japanese companies have tried to challenge the basis of Brussels' dumping calculations, as well as the figures themselves. The typewriter producers unsuccessfully argued that the Commission was biased in the way in which it tried to establish unfair under-pricing.

Five Japanese ball-bearing makers lost a similarly-argued appeal last year, and another challenge against duties on Japanese photocopiers is still pending. Lawyers said yesterday's ruling threw into doubt the prospects of continuing the photocopier appeal.

Dumping takes place when companies fix prices in export markets below what they charge at home. The Japanese companies maintained the Commission set their notional domestic prices artificially high by including selling costs.

Such costs were not added into their EC prices, which were therefore made to appear comparatively lower.

But the Luxembourg judges dismissed that argument on the grounds that the companies owned and controlled their Japanese distributors, so that their organisations formed single economic entities.

US 'firm' on farm reforms

By **Tim Dickson** in Brussels

THE US moved yesterday to play down suggestions that it has in any way altered its negotiating position on global farm reform by agreeing to discuss possible short-term reductions in support.

Commenting on reaction to this week's conference of trade Ministers in Islamabad, Mr Alfred Kingon, the US Ambassador to the European Community in Brussels said he was "a bit baffled" by those who interpreted the remarks of Mr Clayton Yeutter, the US Trade Representative, as marking a new departure in US policy on farm reforms.

Mr Yeutter indicated at the conference that while the US was unhappy with some aspects of the plan it was prepared to accept as a basis for negotiation the proposals put forward by the 14 member Cairns Group of non-aligned countries involving an immediate freeze on subsidies, a progressive roll back in governmental support and improved market access.

To many this appeared to be a softening of the US insistence, spelt out near the beginning of the so-called Uruguay Round of multilateral trade talks, that all subsidies should be removed by the end of the century.

Mr Kingon said yesterday: "We have not changed our position. We have been saying since the beginning that our proposal was not written in stone. Mr Yeutter, Dick Lyng [the US Agriculture Secretary] and myself have all repeatedly said that we are willing to discuss short term measures as long as this is done in the context of long-term reform."

"If the EC perceives what has been said as a change and is willing to start discussions and come to the table, then that's fine," he said.

In Brussels yesterday an EC spokesman said that the Community was "not opposed to doing anything longer term. We are aiming at a progressive reduction in subsidies but the short term measures will prepare the ground for the long term."

OVERSEAS NEWS

Algiers rioters protest over cost of living

By Francis Ghilès

RIOTING took place in the centre of Algiers yesterday, the first serious disturbances the city has witnessed since 1980.

They pose a serious challenge to the government of President Chadli Bendjedid, under growing pressure over the handling of the economy. Promises to liberalise the system have failed to reduce unemployment, while inflation is eroding the standard of living.

Along the city's main shopping streets, named after leaders of Algeria's war of independence, Larbi Ben M'Hidi and Didouche Mourad, groups of young people smashed shop windows, burned cars and threw the furniture of the state advertising agency Anep into the street before burning it.

Yesterday's rioting comes two weeks after a major speech by the head of state during which Mr Chadli took the civil service and parastatal companies to task for not shouldering their responsibilities, those holding positions of responsibility for never leaving their desks and the 1m-strong Algerian community in France for not sending back some of their earning to the mother country, as their Moroccan and Tunisian counterpart do.

The riots come two years after crowds of young Algerians ransacked the center of the eastern towns of Constantine and Setif. As in October 1986 the rioters are protesting against the rising cost of living, with inflation running at over 15 per cent a year.

The fact that an ever increasing number of daily consumer goods can only be purchased on the black market also causes resentment. New jobs are scarce and the days when a high price of oil and natural gas, Algeria's major hard currency earners, allowed the state to create new posts in industry and the civil service irrespective of cost are gone.

Nor have the much vaunted economic "liberalisation" measures taken these past two years yet trimmed the dominant state sector or allowed the private sector to develop more freely.

Reuter adds: Police used teargas to disperse hundreds of youths after two days of unrest and heavy damage to property, diplomatic sources said. They said said the youths rampaged through the city centre and in the suburbs of the Algerian capital attacking "symbols of wealth" and state-owned property, including state cars.

Douglas faces the critics over tax reform campaign

Dai Hayward reports on widespread opposition to TV advertising to publicise New Zealand's tax cuts

NEW ZEALAND continues its reform of the taxation system apace this week as the Labour Government puts into effect across the board tax cuts.

The new tax rates of 24 per cent on all income up to NZ$30,875 (£11,146) and 33 per cent on incomes above that, replace the previous tax scale of 15 per cent up to NZ$9,500, 30 per cent to NZ$30,000 and 48 per cent above that.

Government critics are making much of the fact that higher income groups – including Mr David Lange, the Prime Minister, who will be NZ$324 a week better off – will benefit more from the new rates than those on lower incomes. A person on NZ$10,000 a year will find only 20 cents a week more in their pay packet.

The Government, however, stresses that the reduced tax rates must be looked at in conjunction with the government family support and assistance payments for low income families.

It is also working hard to remind voters that these tax cuts are only the latest in a four-year programme of tax reform. Since 1984 personal income tax has been cut from 66 to 33 per cent at the top rate and the income level at which the top rate of tax applies has been raised. Company tax has been reduced from 45 to 28 per cent.

Still trailing 10 per cent in the opinion polls, the Government is anxious to gain the maximum political benefit from the latest tax cuts. It has launched an intensive and controversial television advertising campaign featuring Mrs Mop and factory worker characters delighted with their bigger pay packets and showing a greater willingness to work overtime now they will keep a larger proportion of their gross earnings.

Mr Roger Douglas, the Finance Minister, has long advocated the need to give greater rewards to those prepared to work harder or longer.

The Government claims the multi-million dollar advertising campaign is a necessary public education programme to help taxpayers and companies fully understand the benefits of the new tax regime. Mr Peter Neilson, Associate Minister of Finance, claims that a government survey revealed that only a quarter of company finance managers were aware of the reductions in company tax and that this ignorance was delaying investment in job creation opportunities.

Critics, led by opposition leader Mr Jim Bolger, argue the advertising campaign is a thinly disguised government propaganda exercise. They received support on Friday from Mr Brian Tyler, the Auditor General, when he publicly criticised the advertisements, saying they "appear designed to enhance the reputation of the Government than to inform those affected and to explain the taxation change".

He said a government could explain its policies or inform the public of available service or its rights in advertisements that were relevant, objective and balanced. A government could not indulge in party political publicity and the taxation advertisements did not measure up to the rules.

The Auditor General's comments enraged the Government. Mr Peter Neilson, Associate Finance Minister, threatened legal action against Mr Tyler who, said Mr Neilson, was trying to smear the Government. Only the inclusion of the word "appear" in Mr Tyler's comments had avoided this.

Be this as it may, reform of the tax system has been a high priority of the Labour Government since it first took office in 1984.

The objective has been the creation of a fairer tax system. In moving to achieve this the Government has closed many former tax loopholes, abolished sales and other tax or government duties, introduced a fringe benefit tax on company and employee benefits such as company cars, brought in a goods and services tax (a version of value added tax), removed double taxation on dividends and reduced corporate tax rates.

Closing tax loopholes and broadening the tax base has dramatically increased taxation revenue. Although company tax rates have been virtually halved, taxation revenue from companies this year is expected to be four times higher than when Labour took office four years ago.

As Mr Douglas has pointed out, clever accounting and the exploitation of various government subsidies or tax concessions meant that many companies or groups had a nominal tax rate of 66 cents in the dollar but effectively paid a nil tax rate. Some extremely profitable companies paid less actual tax than some individual taxpayers by obtaining tax concessions.

From this week the Government has tightened the tax net even further, with more moves against tax avoidance. Redundancy payments of more than NZ$30,000 or lump sum retirement allowances in future will attract a 24 per cent fringe benefit tax. The definition of a dividend has been changed to include any benefit or property which a company may give to a shareholder.

If the company pays more than the market value for any property bought from a shareholder the difference will also be classed as a dividend.

These and extensions to the fringe benefit tax announced earlier this year on employer contributions to superannuation funds, will boost government revenue from the fringe benefit tax by 168 per cent to NZ$570m this year.

From next April a withholding tax will be applied on dividends and interest payments in a move calculated to eliminate tax avoidance on undisclosed investments.

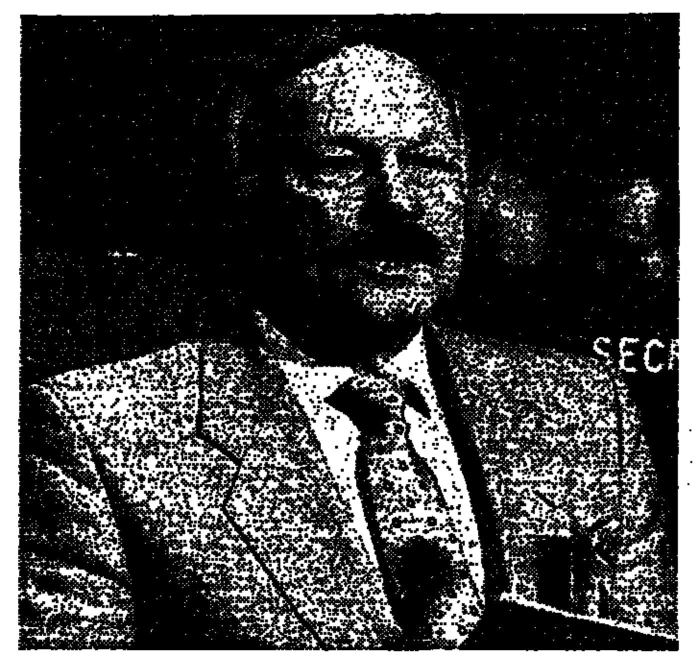
This will be a forerunner to the introduction of a capital gains tax – the only major form of taxation still to be introduced in New Zealand, but which the Government now has under consideration.

The New Zealand budget is on target to meet the Government's forecast of a NZ$2.26bn (£815m) surplus for the fiscal year ending March 31, Mr Roger Douglas, the Finance Minister, (pictured right) said yesterday, AP-DJ reports from Wellington.

Revenue and expenditure are "tracking satisfactorily", Mr Douglas said in a statement listing the country's budgetary standing for the first five months to August 31.

The surplus estimate, made in the annual budget statement in July, includes receipts from state asset sales and debt repayments to the Government by state-owned corporations. Excluding these, Mr Douglas projected a budget deficit of NZ$1.38bn.

In the five months until the end of August, the budget deficit, before borrowing, narrowed 43 per cent to NZ$2.16bn from NZ$3.79bn in the previous year. Net spending rose 2 per cent to NZ$10.86bn from NZ$10.66bn.



India 'needs export growth rate of 18%'

By K.K. Sharma in New Delhi

INDIA'S exports must grow at the incredible rate of 18 per cent a year in real terms for the next six years if it is to eliminate its growing trade gap by 1994-95 – the final year of a five-year plan now being drafted.

This is the conclusion of a study by the Federation of Indian Chambers of Commerce and Industry which feels this rate of growth is feasible even though India's exports will be only 10 per cent of gross national product in 1994-95. At present, exports constitute less than 6 per cent of GNP.

Given the chambers' projected export and import growth rates, trade turnover would be Rs596bn (£24bn) in 1994-95 equally divided between exports and imports.

India's trade deficit was Rs56.20bn in 1987-88 even though exports grew by just over 24 per cent in real terms and imports grew by only 11 per cent that year. The Government has set ambitious export targets for the current year but present indications are that the trade gap is widening.

Figures available for the first four months of the current financial year show imports rising faster than expected at around 16 per cent while exports are increasing at a pace that is slower than last year's.

However, the federation feels that its projections are not unrealistic. It says that with "determined efforts" India's exports in 1988-89 could increase by as much as 20 per cent over the prvious year. It estimates exports in the current financial year at Rs205bn, which is about 6 per cent higher than the official target.

The Federation's study says agricultural exports will rise from only 4.1 per cent of the total to 8 per cent by 1994-95 while the share of the industrial sector will rise to 10 per cent from the existing 5.5 per cent.

It feels that consultancy services can be increased to Rs5bn a year and sectors such as manpower exports and printing and publishing could account for substantially higher earnings of foreign exchange.

To achieve the export goal, the federation says that a breakthrough has to be made not only in the product range and services that India can provide but also in market penetration and diversification. At present about 80 per cent ofthe country's exports go to 30 countries in Europe. The study says that markets in the Americas and Africa remain either unexplored or under-explored.

Botha to make European visit for Strauss funeral

By Anthony Robinson in Johannesburg

PRESIDENT P.W. Botha has seized the opportunity presented by the death of Mr Franz Josef Strauss, the strongly pro-South African Bavarian leader, to fly to Europe today to attend Mr Strauss's funeral tomorrow and make a private visit to Switzerland over the weekend.

For President Botha, who will be accompanied by Mr Pik Botha, the Minister of Foreign Affairs and other senior officials, the brief visit will be an opportunity for direct contacts with Western politicians, including Chancellor Helmut Kohl, followed by discreet meetings with bankers and businessmen in Switzerland.

The latest opportunity to break out of international isolation follows Mr Botha's recent highly publicised visits to Malawi, Mozambique and Zaire and comes at a time of renewed speculation over the release of Mr Nelson Mandela.

The pro-government Citizen newspaper yesterday carried a front-page report which quoted government sources as saying that the jailed black nationalist leader could be released before the end of the year without pre-conditions, provided he abided by the laws of the land.

The visit also coincides with considerable interest by foreign governments in the outcome of negotiations for an end to the war in Angola linked to the withdrawal of Cuban forces and independence for Namibia.

Another round of talks seeking independence for Namibia and the withdrawal of Cuban troops from Angola opens in New York today.

Fresh round of Gulf peace talks thwarted

By Our UN Correspondent

MR TARIQ Aziz, Iraq's Foreign Minister, returned to Baghdad from New York yesterday, cutting short his UN visit and thwarting efforts to arrange another round of direct talks between him and his Iranian counterpart, Mr Ali Akbar Velayati.

Since the Gulf War ceasefire took effect on August 20, Iran and Iraq have had negotiations in Geneva and held one round of talks at the UN, but they have failed to resolve any of their differences.

"No breakthrough, no breakdown," said Mr Javier Pérez de Cuéllar, the UN Secretary General, after the three-hour meeting between Mr Aziz and Mr Velayati at the weekend.

Mr Aziz, who claims that Iran only agreed to a ceasefire because it was losing on the battlefield, spent an hour with Mr Pérez de Cuéllar on Tuesday evening and said afterwards that he hoped there would be a resumption of the joint talks aimed at concluding a peace deal in Geneva.

Iraq agreed to a single meeting with Iran in New York but says it is anxious to keep Geneva as the venue for future negotiations on the grounds that the security there is better.

Iraq has also come under pressure at the UN to allow an investigation into reports that it has been using poison gas against its minority Kurdish population.

Iran, on the other hand, prefers to meet in New York and a senior Iranian official said yesterday that no decision had been taken on a resumption of the talks in Geneva.

At present the main sticking points in the negotiations themselves appear to be Iraq's demand for Iranian guarantees of freedom of navigation in the Gulf and the Iraqi call for a UN-sponsored operation to clear the Shatt al-Arab, the river on the Iran-Iraq border which is Iraq's main outlet to the sea.

Meanwhile talks continued in Geneva yesterday between Iran and Britain following their decision last month to restore full diplomatic relations.

Chinese allies unhappy with Mahathir

By Wong Sulong in Kuala Lumpur

RECENT statements by Malaysia's largest Chinese political party that it was reviewing its role in the Government have led to strong speculation that the party was planning to quit the coalition led by Dr Mahathir Mohamad, the Prime Minister.

Dr Ling Liong Sik, president of the Malaysian Chinese Association, said the party was becomingly increasingly frustrated that the Government had not kept its promises to the country's 5m Chinese minority. He said the Government had made several pledges in the 1986 general elections relating to the upgrading of Chinese education and more financial allocations for new Chinese villages, which had not been fulfilled

Dr Ling said the MCA also wanted to be brought into active consultations on the future of the Government's wide ranging New Economic Policy, which expires in 1990.

These comments have the hallmark of promoting a classic Malay-Chinese controversy, and they were most uncharacteristic of Dr Ling, a moderate, who believes that sensitive issues should be thrashed out by the Government coalition partners behind closed doors.

MCA officials said his statement, supported by the party's Central Committee yesterday, reflected the MCA's frustration that it was not being given a role worthy of its status as leading partner to Dr Mahathir's New Umno party. Dr Ling and MCA leaders may well try to exploit the current divisions within the Malay Community to extract concessions for the Chinese.

However, many observers are surprised that Dr Ling should air these grievances in public, and then leave on a six-week unpaid leave overseas, instead of staying to explain the issues.

"There was no pressure within the Chinese community for these issues to be brought up. More important, given the infighting among the Malays, there is no way the Mahathir Government will give in to these demands. So why is Dr Ling doing it," said one Chinese businessman.

Dr Lim Keng Yaik, Minister of Primary Industries and of the small Gerakan Party, has accused the MCA of trying to whip up Chinese emotions to regain its influence among the Chinese. He said in doing so, the MCA was undermining the nation's political stability for its own interests.

Some observers feel that Dr Ling could have made his statement with the prior knowledge and consent of Dr Mahathir who is currently at the United Nations.

They feel the MCA could well be playing the role of the fall guy, to do a favour for Dr Mahathir's New Umno party.

The Prime Minister's party is fighting an uphill battle against the Malay faction led by his rival, Tengku Razaleigh, in the coming Parit Raja by-election, after suffering a humiliating defeat in the Johore Baru by-election.

The MCA demands and the way they are presented is tantamount to waving a red flag in front of a bull, and may provide just the issue for Malay Government leaders to unite Malays behind New Umno.

It is inconceivable that MCA leaders have forgotten that the Government used the issue of rising communal tensions to launch a massive security crackdown last October, in which 120 politicians and social activists were detained.

Ex-Nomura executive charged with fraud

MR Hidenobu Kashiwagi, former chief of the financial institutional department of Nomura Securities, has been arrested on a charge of fraud, an official of the Tokyo District Public Prosecutors Office said yesterday, Reuter reports from Tokyo.

Nomura dismissed Mr Kashiwagi last March. Mr Masahiko Dobashi, president of Emudi Shoji, the investment advisory company, was also arrested on the same charge.

Mr Kashiwagi and Mr Dobashi were charged with cheating the president of a realty maintenance company out of Y300m (£1.3m). The official of the prosecutor's office gave no other details because the case is under investigation.

Violence brings misery to Karachi slums

Christina Lamb visits victims of ethnic rivalry in Pakistan's main port city

GUNFIRE no longer makes people jump in Orangi, one of the poorest and most volatile areas of Karachi, Pakistan's largest city. Instead, they stand frozen, waiting for someone to make the first move. They know bloodshed will follow. It will be nothing new.

The inhabitants of this shanty town are mostly Biharis – people who fled from East Pakistan when it became Bangladesh in 1971. The neighbouring hillside community of Kazbagh are mainly Pathans, tribals from the northwest of Pakistan who live according to their own laws.

Both groups are well armed – the Biharis are renowned for their Molotov cocktails, while in modern Pathan dress Kalashnikovs are a must. Every so often a Pathan from the hill will fire on a Bihari hut below and ethnic riots become inevitable. Anyone looking to create trouble could scarcely find a riper place.

Karachi is an uneasy hotchpotch of areas like Orangi, inhabited by different, increasingly militant ethnic groups where curfew has become a part of life and the death toll is probably well in excess of the official figure of 700 in the last two years.

The Pakistan Supreme Court has upheld last week's decision by Lahore High Court that dismissal of the Government and assemblies by the late President Zia ul-Haq on May 29 was illegal. However, it refused to revive the dismissed assemblies.

Instead it said elections must be held as scheduled on November 16. "The whole nation is geared up for elections and we do not propose to do anything which will make the confusion worse, and create a greater state of chaos. The people of Pakistan must be allowed to choose their representatives through party-based elections."

As soon as the news broke out on Friday of Pakistan's worst ever massacre in which around 200 people in Hyderabad were killed by masked gunmen, troops were sent in to quell the inevitable violent reaction in previously troublesome areas like Orangi, and a new, indefinite curfew was imposed.

Almost half of Karachi, Pakistan's only port and main commercial centre, remains under curfew. Offices and banks are slowly reopening but attendance is thin, many unable to get to work. Mr Ejaz Sahfi, convener of the Chamber of Industries, estimates the crisis is costing the Government $1.6m a day in lost excise duty and sales tax, notwithstanding the loss in production and exports.

For those living in Orangi long periods of curfew threaten their hand to mouth existence. Curfew means a stop to the few rupees earned by fathers and husbands labouring on construction sites, in factories or at the harbour.

The area down by the river is usually ablaze with row upon row of white sheets, one of the world's largest open-air laundries, with numerous men in clad only in *dhotis* running in and out, stacking washing on impossibly laden donkeys.

At 6am curfew is lifted for three hours, the longest period since the violence began. Men rush to the market, their only chance to buy food. Many return empty-handed. Most shops are closed for fear of looting. Prices have doubled or even trebled and some shopkeepers ask the labourer's daily wage of Rs20 (65p) for a few rotting vegetables.

Despite the large army presence, fear hangs heavy. The news has reached Orangi of the city magistrate dragged from his home in Hyderabad last night and stabbed to death, resulting in fresh riots in which four more people died. The police have arrested more than 150 people but the real criminals, believed by the authorities to be Indian or Khad (Afghan intelligence) agents, have so far escaped.

President Ghulam Ishaq Khan has pledged to crush the saboteurs responsible for the massacre and a new ordinance means any political parties found to be foreign backed or "prejudicial to the Islamic ideology or the integrity of Pakistan or the maintenance of public order" can be banned.

All vehicles entering Karachi are checked. Residents now have to carry some form of identification and spot-checks are being held.

In Orangi such steps have only added to the tension, and alienation. Many residents are bitter about the presence of the predominantly Punjabi army which moved into Sind to control riots in 1983 and has never left. "First they turned us into a colony by sending in the army. Now it seems we've become a police state," said one resident.

Israeli party banned

Israel's election commission yesterday disqualified an extreme right-wing party headed by Rabbi Meir Kahane from taking part in the forthcoming general election, on the grounds that its platform is openly racist, Andrew Whitley reports from Jerusalem. The party is to appeal over the ruling to the Supreme Court.

During yesterday's hearing, several leading politicians accused the Rabbi's party, Kach, of holding a similar ideology to that of Nazi Germany. Mr Kahane, who advocates the expulsion of the 1.5m Palestinian residents of the occupied territories, argues that his platform is based solely on the Jewish religion - and not on racial principles.

Chinese land tax

Users of urban land in China will have to pay tax for the first time since 1949 under new regulations published by the Economic Daily, Reuter reports from Peking. The official newspaper said the rules, which come into effect on November 1, aim to produce more efficient use of land and improve land management. Free use of land has led to widespread waste.

State organisations, non-government associations, the armed forces, parks, temples and public places are exempt, as are users of land for farming, forestry, animal husbandry and fisheries. The annual taxes range from Yuan 0.50 ($0.13) to Yuan 10 per square metre in large cities to Yuan 0.20 to Yuan 4 per square metre in small towns and mining areas.

Angolan leader predicts accord

PRESIDENT Jose Eduardo dos Santos of Angola predicted an agreement would soon be reached on a pull-out of Cuban troops from Angola and independence for Namibia, Reuter reports. In an interview with the New York Times published yesterday, he also said that without a renewal of South African military involvement his troops would soon defeat its opponents in the rebel Unita movement

In an interview with the French daily Liberation, Mr dos Santos said, however, that he had not ruled out direct talks with Unita. The question of such talks would have to wait until the issues of South African military involvement in Angola and Namibian independence had been resolved.

Philippine airline privatisation plans hit turbulence

By Richard Gourlay in Manila

PHILIPPINE Airlines, the government-owned national carrier, is flying into some exciting but turbulent times. The financially and operationally stretched airline is about to embark on a bumpy journey into privatisation and deregulation.

A study led by N.M. Rothschild and Coopers and Lybrand, due out later this month, will value the Philippine Airlines (PAL) assets and its routes to 26 cities in 19 countries and recommend whether all or part of it should be sold.

Helped by a presidential directive last October, PAL's management has accepted that there is no longer any question about whether the airline will be sold, only how and to whom. A second phase of the Asian Development Bank-financed study, detailing the mechanics of the sale will be out in the first quarter of 1989, the bank expects.

The valuation process is complicated by President Aquino's adoption in August of an "open skies" policy that will remove PAL's local monopoly of scheduled domestic and international flights. The Civil Aeronautics Board (CAB) has yet to clarify this policy, but has already received 10 applications for licences, from companies that at most now only provide freight chartering services.

One company, Cebu Air, has already received support to run a second international airline, out of Cebu city from Congress where a bill granting the franchise is already in the committee stage. And another, Aboitiz Air Cargo, has just received its first re-fitted ex-Australian airforce C-130 Hercules airplanes for charter domestically and to Japan, most likely with prawns.

Mr Dante Santos, the PAL president, says he welcomes competition but only on a "level playing field". Over 60 per cent of PAL's domestic routes lose money, he says, and new entrants should also take their share of the so called "missionary routes" which serve a crucial social function in the archipelaegic country.

PAL's international network is large enough to support this domestic subsidy, a practice that is fairly common and likely to remain policy in some modified form even if privatisation goes ahead, observers say. PAL officials would like any new competitors to take a share of the unprofitable domestic routes that helped drain the profits from over 90 per cent load factors internationally into a Pesos 67m (£1.9m) loss last financial year.

Industry observers say that PAL is most severely shackled by its $500m of debt, slightly less than its book asset value of $570m. No local buyers are likely to be able to swallow debts this size, even if the Government wrote off part of what it is owed, nor is the local stock market remotely large enough to handle such a flotation, they say.

Only a foreign participant, probably an airline interested in PAL's US, European and regional routes, would be able to provide the necessary capital injection, the observers say. Such a prospect could raise cries of protest from the significant number of politicians who feel that national assets should not pass into foreign hands, observers say.

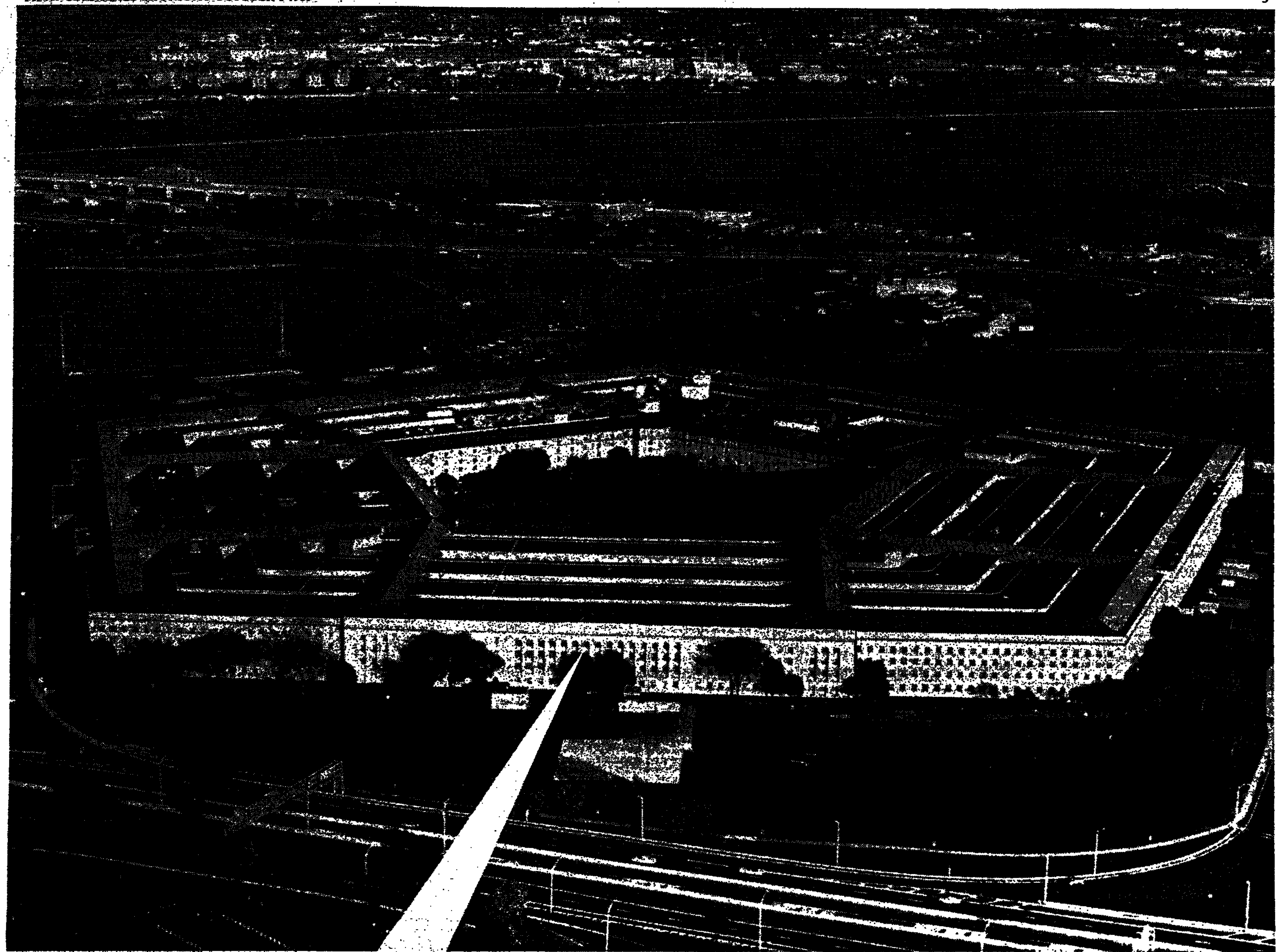
Mrs Aquino's privatisation policy has stumbled over similar arguments in the past, notably when the sale of parts of Philippine National Oil Corp was postponed indefinitely because of "national security" concerns and when the Manila Hotel was described as too historic to part with. Mrs Aquino reversed this policy last October, at the same time as she announced PAL would be privatised, but the Manila Hotel remains firmly in government hands.

The fate of the Rothschild/Coopers study is, as a result, far from certain. It could modify the acronym PAL Inc, which Mrs Aquino has joked means "Plane Always Late, If Not Cancelled" changing it to "Privatisation Always Late, If Not Cancelled".

Missile deaths

China said yesterday more than 400 people, including three army generals, have died in connection with its 30-year rocket and missile programme, Reuter writes from Peking. State radio announced the death toll in a report from the Jiuquan rocket launching site in western Gansu but gave no details of how they died.

China has launched nearly 1,000 missiles and rockets and 19 satellites from Jiuquan since it was built 30 years ago, the broadcast said. Satellites have also been launched from a site in western Sichuan.



AMERICAN NEWS

Milken aide must testify to NY jury

By Roderick Oram in New York

A CLOSE associate of Mr Michael Milken, the junk bond pioneer at the centre of the biggest security law violation case in decades, has been forced to testify to a New York grand jury in return for immunity from prosecution.

Mr James Dahl, considered one of Mr Milken's right-hand men and the top junk bond salesman of Drexel Burnham Lambert, is the first employee of the embattled Wall Street firm to take the witness stand.

His evidence could play in a significant role in the efforts of Mr Rudolph Giuliani, the US Attorney for the southern district of New York, to get grand jury criminal indictments against Drexel Burnham, Mr Milken and other senior colleagues. Mr Peter Fishbein, Mr Dahl's New York lawyer, said his client had been forced to co-operate because Mr Giuliani had used the relatively unusual tactic of a compulsion order. Under it, Mr Dahl was ordered to testify or face a jail term for contempt of court.

In return, he was automatically granted immunity from prosecution in the extensive investigation stemming from the activities of Mr Ivan Boesky, the convicted insider trader.

Before the compulsion order was issued, Mr Dahl had pleaded his right under the US Constitution's fifth amendment to remain silent lest evidence he gave be used against him.

Mr Fishbein said the Securities and Exchange Commission had also agreed to grant Mr Dahl immunity in return for his testimony. The SEC, the Washington regulatory agency, recently brought civil charges against the firm and several senior officials. Drexel said that it had no comment on the grand jury proceedings.

Nicaragua awaits tourist invasion

Tim Coone reviews ambitious plans to revamp a battered industry

FOR MANY, the word Nicaragua is associated with war, revolution, upheaval and hardship. An optimistic tourist agent might classify it under "adventure holidays," the thin files only being kept should a bright-eyed university student enquire about coffee-picking brigades.

A few forward-looking architects and politicians, however, are hoping to turn such subliminal images into a subtle sales pitch, as the basis for a major expansion of the country's flagging tourist industry.

The focus of the four-year, $70m investment plan, is the former Presidential palace-by-the-sea of the ex-dicatator Anastasio Somoza, where a modern holiday complex is to be inaugurated next June capable of housing over 800 dollar-paying visitors in 5-star luxury. The palace, used as a Sandinista army barracks for the past nine years, is being torn down, but as the head of the project, Mr Mario Salinas, explained it is to be rebuilt preserving the original design. Its new casino, luxury restaurant and sports complex will serve two hotels and some 70 chalets among the palm trees backing on to the Pacific Ocean.

The nearby abandoned wharf at Montelimar is to be refurbished and converted into a 64-berth marina. Meanwhile, the ex-dictator's private airstrip is to be converted into an international airport to which package-tour visitors will be able to fly directly.

One of the attractions – Managua's rambling Eastern Market

Mr Herty Lewites, Nicaragua's Tourism Minister said: "The best promoter we have of tourism in Nicaragua is President Reagan. He has put Nicaragua in everybody's mind. Many people have heard of it. When the war ends many of them will be interested to see what this country is."

Nicaragua presently lags well behind its Central American neighbours in numbers of foreign visitors. With 69,000 tourists last year it received just half that of El Salvador. "But it is not just the war, it is the lack of infrastructure here in Nicaragua that keeps visitors away," said Mr Salinas, the executive president of Hoteles Internacionales, the state-owned company that is building the Montelimar complex and six other hotels at different locations.

Mr Lewites said that over the next four years a total of $70m will be spent on the hotel expansion programme, part of the finance for which is presently being sought in Western Europe. So far one West German firm has committed itself to the construction of a new 75-room 5-star hotel on Corn Island, 100km off Nicaragua's Atlantic Coast.

By 1992, almost 800 extra hotel rooms in the three-to-five star category will have been built in Nicaragua under the programme, tripling the existing number which are concentrated in the capital. Most of the new hotels, however, are being built close to the Pacific or Atlantic oceans or next to the inland lake of Cocibolca to take advantage of the water sports attractions for tourists.

In anticipation of the expansion, one privately run cruise ship is already offering charter trips to fish for freshwater sharks and to visit the volcanic islands on the lake. Some private companies are also setting up local tour agencies, providing transport and guides and hoping to win contracts under package agreements negotiated between the Tourism Ministry and foreign travel agencies.

"When the war ends the number of visitors will jump by 300 or 400 per cent," predicts Mr Lewites. "We cannot wait for that to happen though. We have to be prepared now, and we have to start building the hotels to accommodate those people now."

Within five years tourist numbers are expected to grow to 137,000 per year and by 1997 to almost 400,000, putting Nicaragua on a par with its Central American neighbours.

Those figures do disguise an optimistic calculation that the war will be over soon, and one sign of that optimism is the 175-room hotel being built by Hoteles Internacionales at Santa Maria de Ostuma – in the tropical rain forest on the road to Jinotega. It cuts through one of the main warzones in the country and is a supply route for the Sandinista army jungle units.

If the end of the war does not materialise as Mr Lewites and Mr Salinas predict, not all will be lost. The foreign correspondents covering the conflict will at least in future have 5-star accommodation in which to wash the mud from their boots and swap war stories over iced drinks.

Midwestern vote could go either way

By Stewart Fleming in Washington

THE big industrial states of the Midwest and California have emerged as the main battlegrounds in this year's presidential election.

Opinion polls and the campaign strategies of both Vice-President George Bush and his Democratic rival, Governor Michael Dukakis, point to the fierce struggle being waged for the support of swing voters, particularly blue-collar workers, in industrial states such as Illinois, Ohio and Michigan.

A New York Times /CBS News poll published yesterday and polling data from individual states across the country suggest that Mr Bush is running ahead of Mr Dukakis across most of the South and the West.

Mr Bush's strength in the South has reportedly resulted in a decision by top Democratic leaders in the region to refocus the campaign's southern strategy on five states – Arkansas, Kentucky, Tennessee, North Carolina and Georgia – where Mr Dukakis seems to be behind but which are "the only ones within striking distance", according to a party official.

Mr Dukakis is doing best in the Midwest and the northeast, traditional Democratic strongholds. But whereas in many southern states, including Florida and Texas, Mr Bush has built up sizeable leads which will be hard for the Massachusetts Democrat to claw back, in several midwestern and northeastern states (as well as in California) he is locked in neck-and-neck races which could go either way in the final week of the campaign.

A Chicago Sun Times poll this week puts the Illinois race dead even, for example, while a Newark Star-Ledger poll put Mr Bush ahead of Mr Dukakis in New Jersey by 47-40.

Most state-by-state estimates show that Mr Bush's regional strength is giving him a more comfortable lead than nationwide polling data would suggest. Bush campaign officials are saying that Mr Dukakis needs to turn some major event to his advantage in order to regain momentum, and will find it hard to overcome Mr Bush's lead just by chipping away at it.

Mr Bush's position is far from invulnerable however. Not only have as many as a third of likely voters not made up their minds yet, a similar proportion view Mr Bush unfavourably, suggesting that the Vice-President's support is not solid.

The Dukakis campaign has begun to intensify its personal attacks on Mr Bush in an effort to intensify these negative perceptions. A new advertising campaign, for example, portrays Mr Bush as a candidate whose success is based on the manipulative skills of his powerful campaign managers, a theme designed to suggest to voters they are being gulled into supporting a weak man who lacks the leadership qualities a president should have.

Bush 'does better' on pollution

Nancy Dunne on growing public pressure over conservation

UNDER the punishing sun of summer 1988, long-festering sores of environmental neglect erupted upon the American consciousness. Beaches were littered with dead fish, raw sewage and lethal medical debris. Smog and stench permeated cities as ozone pollution climbed to its highest levels of the decade.

There was no relief to be found by the shores of the more than 1,000 lakes killed by acid rain. Dying dolphins and seals, killed by pesticides, were washed up along eroding shorelines.

Public concern over the environment, which peaked in 1970 but dropped under the weight of economic stagnation during the decade, has been mounting. The CBS/NY Times poll, which in 1981 found the public split over the value of costly environmental protection measures, this year revealed Americans favouring strong action by a 65 per cent to 22 per cent margin.

The Reagan record on the environment – one of neglect, lax enforcement and outright hostility towards environmentalists – created an issue made to order for the Democratic presidential candidate, Governor Michael Dukakis of Massachusetts. But the shrewd managers of Vice-President George Bush launched an audacious offensive, propelling the Republican candidate from a successful convention and strong early start in the campaign to the governor's back yard for a boat trip across polluted Boston Harbour.

There, the vice-president asserted his independence from the Reagan record and declared himself an environmentalist in the mould of Teddy Roosevelt. Mr Dukakis had approved delay after delay before finally beginning a clean-up of "this harbour of shame". He declared: "We've got to do better."

Before the Dukakis campaign could organise a response, the vice-president was off to New Jersey where he accused Mr Dukakis of trying to dump Massachusetts' wastes into New Jersey waters. A campaign commercial, showing Boston Harbour pollution, has since maintained the attack.

Even before the nominating conventions, a Gallup poll found that, while more voters believed Mr Dukakis would move most aggressively to clean up the environment, 40 per cent did not know the records of the candidates or saw no difference in them. This ignorance, plus the sheer complexities involved in environmental matters, has so far allowed the vice-president to neutralise the issue.

Among local environmental groups in Massachusetts there has been much gnashing of teeth over the course the campaign has taken. "No plausible environmentalist thinks Bush would do better than Dukakis," says Mr Kelly McClintock, executive director of a citizens' lobby group.

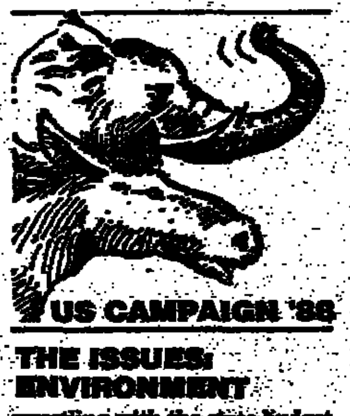
His colleague, Ms Judy Shope, views the Bush environmental offensive as "the ultimate in duplicity."

Massachusetts has developed a body of strong conservation laws and polluters are quickly penalised for infractions. The governor courageously took the lead against offshore oil drilling during the energy crisis, opposed unsafe nuclear power plants and pushed proposals to reduce acid rain.

Under his administration, a state "superfund" has been established to clean up toxic wastes and the state has enacted a $500m open space acquisition programme, the largest in the nation.

But state environmentalists acknowledge that the Dukakis record is a mixed one. "When I see Dukakis on television I remember pleading with him not to delay the harbour clean-up," says Ms Priscilla Chapman of the Massachusetts Sierra Club.

The governor, who was then



US CAMPAIGN '88

THE ISSUES: ENVIRONMENT

wrestling with the state budget and focusing administration efforts to boost growth, was immovable. By the time the Environmental Protection Agency and the courts finally ordered the clean-up the cost had soared and the state administration had slashed funding which would have helped pay for the project.

Meanwhile, Mr McClintock says that because of the governor's "skin-flinting ways," state environmental agencies are short of personnel to enforce and administer the strong laws in place. Ms Chapman says job creation schemes have taken precedence

Mr Dukakis last week tried to gain the offensive on the environment in a joint appearance in New Jersey with Robert Redford, the movie star and an outspoken conservationist. There the governor collected the endorsement of several environmental groups and in a hard-hitting speech he raised the spectre of such Administration bogeymen as Mr James Watt, the former Interior Secretary ("who never saw an open field he didn't want to pave or a forest he didn't want to cut down") and Ms Rita Lavelle, the former Reagan environmental official, who was imprisoned for lying to Congress.

The occasion was marred by hecklers and, like many Dukakis initiatives, badly timed.

A close comparison of the stands and records of the two candidates, released by the non-partisan Sierra Club, heavily favoured Mr Dukakis. The group found that, while the governor's implementation of environmental health issues has sometimes been weak, he has taken strong positions on energy, land and water conservation.

The group said Mr Bush's record on public health issues is "extremely poor". As head of the Administration's Regulatory Reform Task Force "he repeatedly intervened to delay, weaken or cancel a wide range of Environmental Protection Agency regulations affecting lead levels in gasoline, toxic pollution discharges to sewers and disposal of hazardous wastes".

Mr Bush would protect lands east of the Mississippi, but advocates large sales of federally-owned land and timber in the west. His task force was heavily involved in weakening car fuel-efficiency standards, and while he calls for energy conservation, he offers no specifics.

On one issue both candidates agree. Both promise to call an an international environmental conference of world leaders during their first year in office.

Most environmentalists also agree on one thing: that whoever wins, if he keeps his campaign promises on the environment, he will be an improvement over his predecessor.

Chile's voters find unusual safeguards

By Mary Helen Spooner in Santiago

THE CURTAINS of the wooden voting booth flapped closed behind me and I stared down at the words printed on the paper ballot: "Augusto Pinochet Ugarte, Si - No."

Foreign residents who have lived in Chile more than five years were eligible to vote in yesterday's presidential plebiscite, in which General Pinochet was the sole candidate. This reporter took advantage of the opportunity to view the voting process from within.

Chilean tradition holds that women, who did not obtain the right to vote until 1945, vote separately from men. The polling site to which I was assigned was in a school in Providencia, a well-to-do municipality in eastern Santiago. Women soldiers in camouflage fatigues were patrolling the school, where voters began queueing before 7am.

After I arrived at 8am there was a delay of over an hour as a group of electoral service functionaries and poll watchers from political parties haggled over the paper ballots, voter registration book and ballot box. When the voting process got under way, I was asked to show my identity and voter registration cards. I then signed the registry, and was given a paper ballot and a lead pencil.

Voting itself was in one of two wooden voting booths. The ballot, on thick yellow beige paper, contained the words Yes or No beneath Gen Pinochet's name and a numbered tab at the right hand corner. Voters were to indicate their preference with a vertical mark through the line alongside the Yes or No options, fold the ballots, and seal them by moistening the gummed edge along one side of the paper.

After I returned to the voting table, an electoral service official detached the numbered tab from my ballot and handed the ballot back to me, and I put it in the ballot box. My thumb was then rubbed into an ink-pad, and I left a thumbprint in the vote book.

Throughout this procedure, members of the opposition parties were able to observe and challenge if necessary. The proceedings were considerably more trustworthy than those of the Pinochet regime's previous two plebiscites, both of which were undertaken without voter registries or non-government poll watchers.

In 1978 Chileans were asked to vote on a United Nations resolution condemning the regime's human rights practices. The wording equated support for Gen Pinochet with patriotism and the UN resolution with "international aggression against Chile". The ballots were made of translucent paper, leaving many Chileans with the uncomfortable impression their votes were not secret. The official results showed an 80 per cent vote in favour of the Government.

The 1980 plebiscite was held to approve the regime's new constitution and to extend Gen Pinochet's presidency by eight years, and showed a two-thirds vote in favour of the Government. Voters had only to show their identity cards, to which functionaries attached a seal, and have their thumbs inked. The ink was not indelible, the seal could be easily peeled off the plasticised identity cards, and unmarked ballots were counted as Yes votes. Once again, the voting tables were managed by government appointees rather than electoral service officials, and political parties were not allowed to post any poll watchers at the site.

The 1980 official results, with two-thirds of the vote in favour of the Government, showed a ballot count higher than the number of people eligible to vote. Chilean opposition groups protested at these conditions but Mr Sergio Fernandez, Interior Minister, rejected any suggestion of poll rigging, saying irregularities could as easily have been used to the advantage of regime critics.

Guyana seeks IMF credit and refinancing for debt

By Canute James in Kingston

GUYANA is seeking a credit agreement with the International Monetary Fund and a three-year moratorium on principal and interest payments on its $1.2bn foreign debt.

Mr Carl Greenidge, Guyana's Finance Minister, said the Government would seek refinancing agreements with creditors, on terms which were "consistent with the country's ability to pay." He said this meant "that we pay nothing over the next three years."

Mr Desmond Hoyte, Guyana's President, said his Administration was seeking about $500m in a three-year programme with the IMF, and that this would provide balance of payments support and assist the government's investment programme.

Mr Hoyle said he expected an agreement with the fund by the end of the year. Government officials say the first year of the programme will allow Guyana access to about $120m in credits.

Agreement with the IMF would represent a mending of fences. Guyana's last drawdown of IMF credits was in 1981. Three years ago Guyana was deemed ineligible for further assistance from the fund because of arrears in payments. The arrears are now reported to be about $70m, and bankers say the Government will have to indicate to the fund that it has found the money to clear these before it is allowed access to new credits.

Mr Hoyte said a devaluation of the Guyana dollar would be likely under the IMF programme. It was devalued by 56 per cent 21 months ago and a change in parity to the current parallel rate would mean another devaluation of about 68 per cent.

FLEXIBLE

WORLD-WIDE

COMMUNICATIONS SYSTEMS

ARE NOW AVAILABLE

FROM ONE SOURCE.

ALCATEL

Even today, we still live in a world where there is little uniformity in the architecture and format of communications systems. A world of bewildering variety.

To succeed in this environment, built-in flexibility is essential. And that's the strength of Alcatel.

While some American and Japanese companies build for their home markets and then 'adapt' for overseas, Alcatel researches and develops, manufactures and markets products from over a dozen different countries, throughout Europe.

And that means superior products that operate equally efficiently, wherever they happen to be used.

No matter where you look, you won't find a better partner for everything from Public Network Systems to Transmission, Business Systems, Cables and Outside Line Plant. In fact, there's no wider product range.

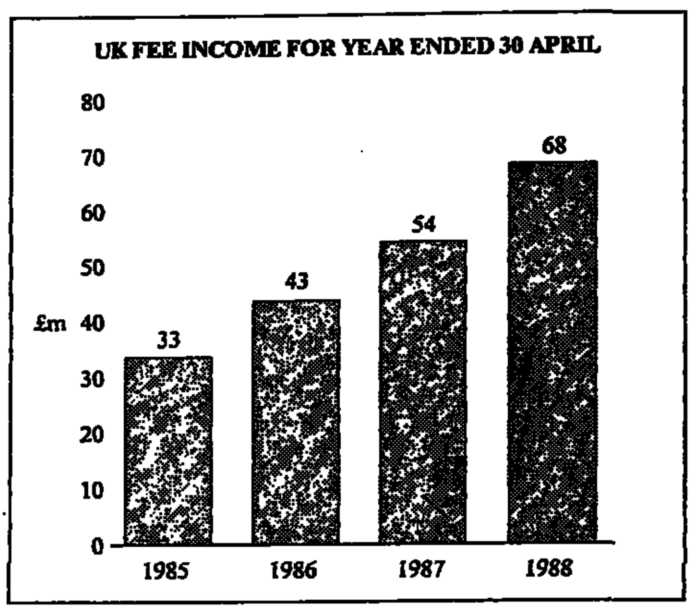
Alcatel n.v., World Trade Center, Strawinskylaan 537, 1077 XX Amsterdam, The Netherlands.

SPICER & OPPENHEIM REVIEW OF ACTIVITIES 1987-88.

PUBLISHED AT THE PARTNERS' ANNUAL MEETING.

HELPING BUSINESS PROSPER.

Spicer & Oppenheim doubled its size in the three years to April 1988, with UK fee income in the most recent year exceeding £68 million.



Being one of the fastest growing of the major UK accountancy firms is of importance in two respects. It provides tangible evidence that we are giving our clients the type of service they really want. And it provides resources to maintain a progressive and innovative approach to client needs in the future.

Last year we dedicated much of our management effort to ensuring that the firm is well equipped to continue helping clients prosper in the 1990s and beyond.

We began restructuring our business to reflect the markets we serve, rather than the services we market.

We recognised that for each client there should be one partner taking overall responsibility for every aspect of service provided, irrespective of how many other specialists may be involved.

We developed a number of exciting new client services, like Spicers Centre for Europe and our financial services strategic consulting practice described below.

We adopted a common name on both sides of the Atlantic and introduced a new corporate identity for Spicer & Oppenheim International worldwide.

Above all, we reaffirmed our commitment to a strategy which offers the business community some very distinct benefits.

Benefits which include access to one of the largest commercially aware and highly skilled practices dedicated to ambitious entrepreneurs (what we call "owner managed businesses").

Plus the extensive experience we've gained from advising in a number of specialised markets like agriculture, property, and these major service industries:

- the professions – in the legal profession, for example, we advise over half of the top 60 firms in the country;
- the financial services industry – we audit more Securities Association members of the International Stock Exchange than any other firm and act for half of the 20 largest Lloyd's underwriting agents;
- the marketing services sector – we audit more of the public companies listed in Campaign magazine's marketing services index than any other firm;

Public and large corporations.

The acid test of a public company's prosperity is its growth in earnings per share.

According to recent research published in the Hambro Company Guide, the average growth-rate in earnings per share of Spicer & Oppenheim clients is second only to the clients of another well known firm in Surrey Street.

As most large companies are well able to manage their own routine financial affairs, it is in the more specialised areas that we have been adding value.

For instance, in just nine months our Computer and Systems Performance Analysis (CASPA) team carried out 20 substantial projects to improve computer efficiency.

Our newly-launched Customs planning and advisory service is already saving clients money. An increasing number of VAT reviews have done the same.

Our mainstream consulting practice Spicers Consulting Group has extended its national coverage to assist more businesses in the Midlands and the Northwest.

And last year Spicers Executive Selection handled its first recruitment assignment involving a remuneration package of £100,000 p.a.

Owner managed businesses.

Our "owner managed business" practice embraces a diverse range from professional partnerships to aspiring public companies. But they all have one thing in common.

They want good practical advice from someone who understands their business, is commercially aware and readily accessible.

That's why we have continued our policy of seconding many of our future partners into commerce. And why we introduced regular staff training on commercial topics, sometimes involving the leading business schools.

If we didn't have a commercial approach, we would not have advised on acquisitions, mergers and similar transactions worth over £500 million last year. And Spicers Corporate Finance would not be the thriving business it is.

It's the same commercial approach which prompted us to acquire and develop Spicers Centre for Europe, now probably the premier EC accredited source of advice and information on developments taking place in Europe.

And we hope it's the same commercial approach which attracts to us management buyout clients like National Express and companies going public like London Forfaiting.

As for accessibility, our regional network of 24 offices is now one of the strongest in Britain. (We opened a couple more in Chester and London's West End last year.)

Financial services industry.

Radical changes after "Big Bang" and the worldwide stock market turmoil brought in their wake frequent calls for technical and management advice.

Last year some 50 members of The Securities Association sought our advice on how to comply with the new regulations. And our popular industry workshops continued throughout the period.

Spicer & Oppenheim Consultants provided strategic advice to 25 financial institutions and securities firms in 10 countries.

Demand has grown for our international tax expertise and for tax based financial products.

And now over 3,000 people in the industry receive our senior management newsletter "Securities Industry Update" at their own request.

Corporate recovery and insolvency.

Few insolvency practices are identified with the role of helping businesses prosper. But at Spicer & Oppenheim & Partners the number one priority is just that.

Putting a troubled business back on the road to recovery is often as good for the creditors as it is for the owners.

Recognising this, we appointed a nationally recognised expert to head our "viability study" services.

A number of other new appointments increased our resources throughout the country.

We helped clients facing bad debt problems by attending creditors' meetings on their behalf.

And we helped others to introduce better credit control systems.

This is not the work which makes the headlines (unlike when the Court instructed us to sequestrate the NUS assets). But then most good work goes unnoticed.

The future.

The firm has been left in fine shape by our recently retired and much respected senior partner Eddie Ray, CBE.

The new financial year has continued to show significant growth in our business, with work done for the first quarter 24% ahead of last year.

With the breadth of skills and depth of client commitment shared by staff and partners alike, we are well equipped to maintain our position as one of the leading advisers to British business.

From left to right: Clive Bastin: National managing partner. Christopher Wheatcroft: Managing partner, Public and large corporations practice. Peter Oliver: Managing partner, Financial services industry practice. Roger Cheesley: Managing partner, Owner managed businesses practice. Richard Turton: Managing partner, Corporate recovery and insolvency practice. David Young: Senior partner, Spicer & Oppenheim UK. Chairman, Spicer & Oppenheim International.

SPICER & OPPENHEIM

A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

OFFICES IN: LONDON BIRMINGHAM BOLTON BOURNEMOUTH BRISTOL CAMBRIDGE CARDIFF CHESTER CROYDON DUDLEY EDINBURGH GLASGOW HULL LEEDS MANCHESTER NEWARK NEWCASTLE UPON TYNE NOTTINGHAM PETERBOROUGH ST ALBANS SOUTHAMPTON UXBRIDGE CHANNEL ISLANDS AND IN 50 COUNTRIES WORLDWIDE. TELEPHONE 01-480-7766.

THE LABOUR PARTY AT BLACKPOOL

Kinnock braced for narrow vote on defence

By Michael Cassell and Philip Bassett

LABOUR PARTY leaders' attempts to unite the party behind their programme of policy modernisation came under renewed attack yesterday in advance of a finely-balanced decision at its conference today on the key issue of defence.

Mr Ron Todd, general secretary of the TGWU transport union, pressed home at Labour's annual conference in Blackpool his criticisms of what left-wingers see as the party leadership's drift to the right by re-emphasising his belief in traditional socialism.

But his attacks – which will be continued during today's crucial defence debate – provoked anger from party leaders, who accused him of undermining their attempts to rebuild Labour's electoral chances.

Party leaders are braced for the possibility of an embarrassing and damaging setback today when they call upon the conference to leave open all options in their attempts to formulate a non-nuclear defence strategy acceptable to both the party and the electorate.

Leaders of the Union of Communication Workers will propose a motion supported by the party leadership calling for the elimination of all nuclear weapons through "unilateral, bilateral and multilateral" disarmament.

Mr Alan Tuffin, UCW general secretary, will argue that this does not constitute a move away from Labour's existing defence policy, but left-wingers led by the TGWU believe it would be the first step towards abandoning the party's unilateralist approach.

The conference vote may hinge on the decision this morning by the Nupe public employees' union delegation, though last night it looked certain that Nupe would today support the TGWU's defence of unilateralism.

Committed trade union block votes suggest a union majority of about 3m to 2.7m in favour of the UCW's position. This would leave the decision in the hands of the largely unilateralist constituency delegates.

Last night the final majority today looked very tight – with the compromise UCW motion perhaps being defeated by as little as 200,000 votes.

But Labour leaders yesterday sought to minimise the impact of any likely defeat.

The row over defence will heighten the differences between left-wingers led by the TGWU and the party leadership, following Mr Todd's attack on Tuesday night on the modernisation of the party favoured by Mr Kinnock.

Mr Kinnock said yesterday there was "a general sense of bewilderment" about how Mr Todd and the TGWU could vote to support the leadership's statement of aims and values and attack it the following day. But he emphasised that Mr Todd's criticisms would not affect the progress of the review.

Party leaders attempted to play down the damage of Mr Todd's attack. Mr Roy Hattersley, deputy leader, described the TGWU leader's remarks as a "diversion" which had enabled Labour's opponents to highlight divisions in the party.

The biggest union sets its limits

Charles Leadbeater explains Ron Todd's critical conference speech


Ron Todd: eyes on next year

MR RON TODD's strong criticism of the Labour leadership at a conference rally on Tuesday was the political equivalent of a call for a pre-strike ballot.

Unions are used to issuing such warnings to employers, to try to break a stalemate in negotiations.

Negotiations in this case are between the Labour leadership and Mr Todd's union, the Transport and General Workers' Union, over the party's two-year review of policy.

Why did Mr Todd make the speech?

Leaders of the TGWU, Britain's biggest union, have over the last year become increasingly frustrated with the way Mr Kinnock's office has handled relations with the union. TWGU officials complain that Mr Kinnock is more anxious to ask Mr Todd to deliver the union's votes once policy is decided, rather than consulting him during its formulation.

Mr Kinnock's advisers are accused of failing to appreciate the pressures on Mr Todd as he attempts to swing a left-led union behind controversial policy changes.

Other union leaders, believe that inter-union jealousy has played a role. They claim that the TGWU is throwing its weight around, in part because other unions such as the GMB general union, have become more important in policy-making.

In the last six months this tension has produced a number of public quarrels.

In June the TWGU's executive was antagonised by a television interview in which Mr Kinnock suggested that the party should move away from its policy of unilateral nuclear disarmament.

He gave the interview the day before the TGWU executive was due to meet. The union replied by refusing to endorse him for the party leadership election.

Last month Mr Kinnock told the Trades Union Congress umbrella body that it should not vote against the Government's Employment Training programme. TGWU officials saw it as an attack on the union, which was committed to vote against the programme the following day.

However, Mr Todd's speech on Tuesday was intended to be more than just the next round in the row. Its target was the second stage of the policy review, which over the next year is intended to produce detailed policies from the outline documents which have been presented to conference this week.

Mr Todd has not found it easy to deliver the TGWU's support for the first stage of the reviews. He is reported to have told Mr Kinnock earlier this year: "I am climbing up a mountain for you, but you keep on putting boulders in my knapsack."

Mr Todd believes Mr Kinnock's advisers, keen to keep the unions at arm's length, not only discount what he has delivered, but mock the great TGWU carthorse. But Mr Todd has delivered his union for the party leader.

The union's executive was swung round to support Mr Roy Hattersley in the election for the deputy leadership. The TGWU was close to rejecting all the constitutional changes proposed by the party leadership. There was also disquiet over the leadership's statement on Labour's Aims and Values. But Mr Todd delivered on both.

The TGWU also accepted motions on social ownership, and industrial relations which appear to moderate its position.

Mr Todd's speech was the clearest indication that there are limits to how far the TGWU will accommodate the leadership's version of revisionism. The union yesterday voted against the party leaders by supporting a hard-line motion opposed to Employment Training. Today it will defy the leaders by opposing a compromise motion on defence.

Underlying all this is a concern that the conference's policy-making powers are being superseded by the small policy review groups.

Mr Todd's message is clear. The compromises reached this year, through some fine drafting, may not be enough when it comes to the crunch next year on detailed policy.

Will the dispute escalate? All the pressures point in the direction of further talks.

It may not be impossible for Mr Kinnock to win the 1989 conference's support for the policy reviews without the TGWU's 1.25m votes. But it will be extremely difficult.

Even if the party leaders could push through the reviews with the support of only the centrist and right-wing unions, the party would start its campaign for the next general election hopelessly divided.

Mr Kinnock's advisers are bemused by the TGWU's criticism. Mr Kinnock speaks to Mr Todd at least once every three weeks. The TGWU is well represented on both the party's national executive committee and the policy review groups.

The union may complain about the policy reviews, but says it is still waiting for the process to deliver a flood of new ideas. Mr Kinnock is most exhilarated when he is seeing off challenges to his authority; he responds aggressively to attacks. But it is unlikely that he will seek some symbolic victory over Mr Todd this week.

Mr Kinnock's advisers believe Mr Todd will not risk isolating himself among the unions, and from a party leader who has just been re-elected with almost 90 per cent of the vote.

Companies 'train few coloured workers'

By Richard Tomkins, Midlands Correspondent

STATISTICS leaked by staff at the Department of Employment's Training Agency – formerly the Manpower Services Commission – suggest that some of Britain's biggest companies recruit few, if any, black or Asian candidates to their youth training schemes.

The figures appear in a report claiming that widespread racial discrimination exists in employer-based schemes, in spite of efforts by the Training Agency to provide equal opportunities.

More than 40 large companies, some with 300 or more trainees, are shown to have had no black or Asian trainees at all when the figures were collated.

A further 27 companies with up to 700 trainees each had in most cases only one or two from ethnic minorities. Nationally, black people represent 3.3 per cent of YTS trainees in all schemes.

The report comes from the Birmingham-based Youth Employment & Training Resource Unit, a voluntary body funded by Labour-controlled Birmingham City Council.

US bank nets £190m with sale of building

By Paul Cheeseright, Property Correspondent

MANUFACTURERS Hanover Corporation, owner of the sixth largest bank in the US, has sold its London headquarters building to Middle East property investors for £190m.

This is one of the largest single property transactions recorded in Britain, topped only by Mountleigh's sale of Beaufort House, in the City of London, to Norwich Union last February for £200m.

The buyer is Gefica Industries, a company registered in Liechtenstein and owned by a Middle Eastern family whose identity is not being disclosed.

The sale gives Manfacturers Hanover a profit of £100m on the property, which was bought nearly two years ago with the aim of bringing all the bank's London staff under one roof and providing room for expansion.

But Manfacturers Hanover has been under capital pressure because of heavy provisions made against loans in the Third World. It has been engaged not so much in a programme of expansion but of retrenchment as its banks around the world have been under pressure to strengthen their balance sheets.

Sale of its major London property, the Adelphi building, near the Strand in the West End of London, has been on the cards since last April when Manufacturers Hanover brought in Baker Harris Saunders, chartered surveyors, to advise on the future of the property.

This was a month after Manufacturers Hanover had laid off 50 staff and had frozen a contract for the refurbishment of the building.

Soviet colonels carry out spot check on Army

By David White, Defence Correspondent

FOUR SOVIET colonels fresh in from Moscow tucked into an English breakfast at Bulford Camp on Salisbury Plain yesterday, and then set off to watch the British Army practising how to defend against a Warsaw Pact invasion.

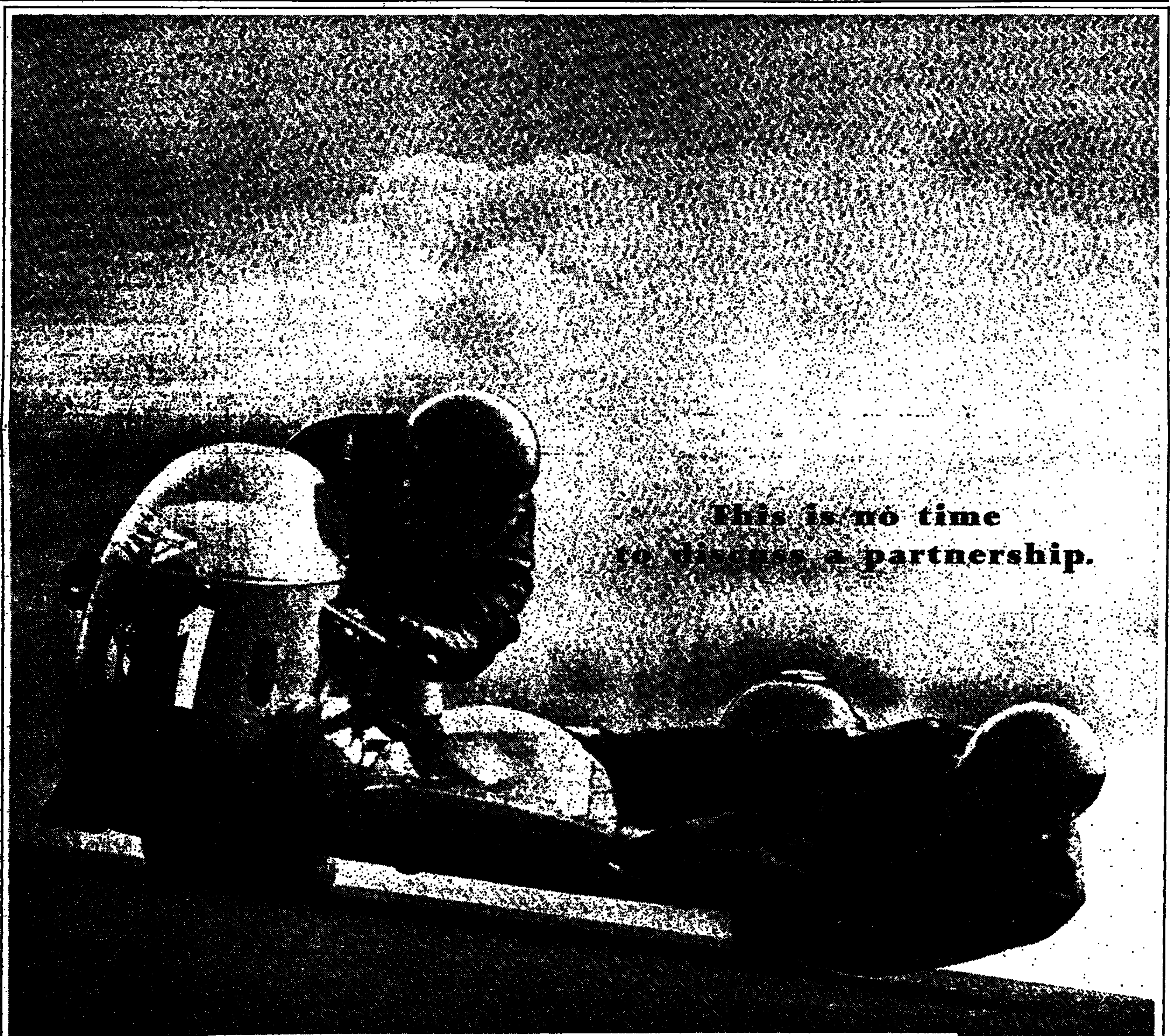
The early morning arrival of four uniformed men identified as "USSR inspection team" would have appeared a quirky dream 10 years ago.

The inspectors were carrying out their first spot check in the UK under the 1986 Stockholm Agreement on military manoeuvres in Europe. Moscow lodged its demand on Monday night, giving Britain the satutory 36 hours' notice to receive the team. Inspectors are entitled to specify an area, name their starting point and see, within certain limits, what they want.

The confidence-building measures, subscribed to by the US, Canada, and all of Europe bar Albania, are designed to make East and West less edgy about each other's movements.

The Ministry of Defence said Moscow had given no specific reason for its inspection demand.

Baker waves flag, Page 10



UK NEWS

Public spending looks set to pass Treasury target

By Simon Holberton and Ralph Atkins

PUBLIC SPENDING in the next financial year appears set to exceed the Government's target by at least £1bn or £2bn as the annual round of negotiations draws near a close.

The Treasury is thought to regard an extra £3bn over target figures as the Government's upper spending limit. Ministers responsible for spending departments are meanwhile digging in their heels before the Conservative Party conference begins next week. One Whitehall official said, however, "there is still a lot to play for" on both sides of the negotiating table.

Since the summer Mr John Major, Chief Secretary to the Treasury, and officials have met formally with all spending ministries, some on two or three occasions. There are still about eight ministries, however, which have substantive issues outstanding.

Negotiations between ministers are expected to continue during the party conference. If these fail, deals will have to be hammered out in the so-called Star Chamber, the body charged with arbitrating between competing ministries' requests for additional spending which is chaired by Mr Cecil Parkinson, Energy Secretary.

The Treasury set a spending total of £167.1bn for 1989-90 in its January public expenditure policy document.

Faster than expected economic growth, however, has led to lower spending and higher tax revenues this year and encouraged the resolve of many ministers to seek extra funds.

Total bids from departments were by early summer thought to exceed the plan by about £9bn, a sum including the contingency reserve kept in hand for unforeseen spending. The Treasury is probably hoping for a settlement around £2bn or less over target.

The Treasury's argument to spending ministers is not that the exchequer is unable to afford higher spending, but that it is not appropriate to do so when Mr Nigel Lawson, the Chancellor of the Exchequer, has raised interest rates to bear down on booming private consumption.

Ministers have, however, learnt the lesson from the experience of Mr John Moore, the former secretary of state of Health and Social Security, who failed to push the case of his department during spending negotiations a year ago.

Mr Moore found himself embroiled last year in a bitter public row over the level of government funding for the National Health Service.

Initial bids for departmental budgets were around £9bn in excess of the Treasury's planning total, which included an unallocated contingency reserve of £7bn.

If the Treasury maintains the reserve at the level set in the budget for this financial year at £3.5bn, then the best the spending departments can hope for is £6.5bn of funds in excess of their pre-set planning totals.

Analysts in the London financial markets, anxious to see spending strictly controlled to help calm inflation, may be unsettled by a total much greater that £2bn more than the planning total.

Petrol sellers face fairness inquiry

Monopolies Commission referral was expected, says Steven Butler

WHAT had been accepted as inevitable by Britain's petrol retailing companies many months ago finally happened yesterday. Once again they are to be dragged in front of the Monopolies and Mergers Commission to see if restraint on competition operates in the industry against the public interest.

That, at least, is presumably what the MMC will be asked to examine when the Office of Fair Trading makes a formal submission in a few weeks time and sets terms of reference for the investitagion.

The fact that Sir Gordon Borrie, director general of the Office of Fair Trading, backs a referral to the MMC, may surprise those who watched him tussle with the all-party committee in the House of Commons which investigated the petrol industry earlier this year.

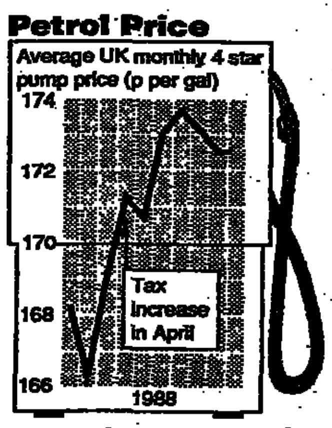
The OFT has been charged since 1979 with monitoring the industry to see that what the MMC termed a "complex monopoly" did not operate against the public interest.

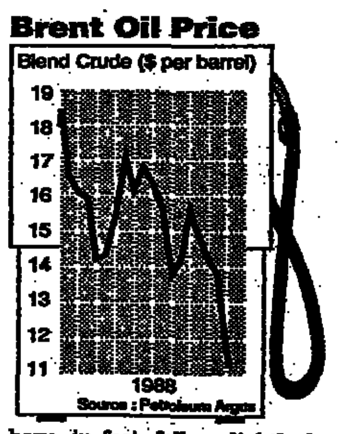
During that period, despite a continous effort to keep its eye on the industry, the OFT found no grounds for a referral to the Commission.

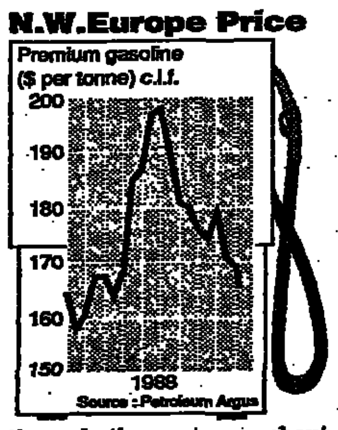
When Sir Gordon testified for the committee in April, he appeared to take the view that competition was working.

While the dominant forces in the industry – the oil groups Esso, Shell, BP and Texaco – did not use price as a main weapon of competition, there was none the less enough competition to keep them from getting too far out of line, and falls in crude oil and spot market petrol prices eventually worked their way through to price falls for the consumer at the service station.

The committee, which was unhappy with some of Sir Gordon's testimony, said the OFT was not doing its job properly, a charge which Sir Gordon denied.







It is not clear what has happened since then to change Sir Gordon's view. The OFT said yesterday that since publication of the committee report in August, the OFT studied all evidence submitted to the committee along with material it gathered itself.

The implication is that it has discovered something new.

The committee found no evidence supporting the existence of a formal price-fixing cartel among oil companies, but clearly suspects that this might be the case. What lies behind this suspicion is not spelt out. As Sir Gordon said, the fact that prices by different retailers tend to move in tandem proves nothing, because market forces would dictate as much.

The announcement of the referral comes as more people are wondering why it is that petrol prices seem as buoyant as ever while crude oil markets plunge almost daily to new depths. It is a question the oil industry has grown accustomed to, and adept at, answering.

Average UK pump prices have, in fact, fallen slightly in the past two months from a peak of 173.1 pence per gallon (4.56 litres) for four star, the highest octane fuel, in July, to 172.5 pence today.

Of more direct relevance than crude prices, however, is the spot market price for premium gasoline. Spot gasoline prices this year have been relatively stronger than crude prices because of the higher demand for transport fuels.

They have none the less also *fallen significantly, from $196* per tonne when BP began the last round of price increases on June 8, to about $165 today.

The oil companies are quick to point out, however, that most of the money which is handed over at the filling station is passed on to the Government as duty.

Of the 172.5p paid for a gallon of petrol, BP says that it receives 48.6p to cover crude oil, refining, distribution and other overheads. Of the remainder, 92.9p pays for petrol duty, 22.5p for value added tax, and 8.5p goes to the petrol retailer.

This means that even a sharp fall in raw materials costs would have at best a marginal impact on the pump price, and it takes time to work through the system – about three weeks in the case of Rotterdam spot prices, according to BP. Price falls take much longer to work their way through in the case of crude oil.

That, of course, is not proof that pump prices are set freely according to market forces.

Beyond the question of price competition, the committee was disturbed by a number of industry practices. This includes the exchange of petrol *among refiners, something* which the committee believed showed a lack of competition.

The committee was concerned about the gradual rise in the volume of sales at retail sites owned by the petrol companies and their greater domination of urban areas.

The committee said it found *prima facie* evidence of resale price maintenance. (Sir Gordon would admit only to *de facto* price maintenance.)

The oil industry has denied these charges from the start.

Judging by the profit record of the petroleum refining and marketing industry in recent years, the only way to wring significantly lower prices out of the oil companies would be by forcing them to run their operations at a permanent loss.

Matsushita sets up new UK centre for Europe operations

By Terry Dodsworth

MATSUSHITA, the Japanese electronics group, is pulling together its European operations under the umbrella of a new central organisation to be located in the UK.

The plan is aimed at co-ordination more closely the company's activities in western Europe. The group is to invest £35m in a new headquarters building at Bracknell, about 30 miles west of London.

Staff at the centre will take general responsibility for the group's European marketing and oversee the manufacturing activities of the group's 12 plants in the region.

To underscore the importance which Matsushita places on the project, the headquarters organisation of about 50 people will be under the direction of Mr Koju Suzuki, a group main board director.

The establishment of the new structure follows similar moves by other Japanese multinationals and is expected to herald further significant investment projects in Europe.

Matsushita announced a $300m medium-term note facility only a few days ago, which was designed mainly to help the expansion of its European operations. Executives said yesterday that this programme, to be run over the next five years, will give the company more flexibility in meeting its financial needs in Europe, where several development plans are on the drawing board.

Matsushita, which trades under a variety of names, *including Panasonic, Technics* and National, is one of the leading Japanese producers in Europe of televisions, video cassette recorders and typewriters. It has also recently moved into the rapidly expanding car telephone sector in the UK.

Alongside the headquarters investment, the company is also establishing a marketing co-ordination unit for its European television operations at Düsseldorf in West Germany. At the same time, the Cardiff plant in Wales will take more responsibility for designing TV sets for the European market.

Matsushita employs 5,000 people in western Europe, of whom 3,000 are in manufacturing. Its total investment in the region stands at about $314m.

Baker waves British flag in Siberia

By David Thomas in Novosibirsk

MR KENNETH BAKER, Education Secretary, yesterday became the first British Cabinet minister for more than 20 years to make the trip to Siberia when he visited the Maiskii School attached to a collective farm deep in Siberia.

The Maiskii pupils remained friendly and welcoming in spite of the fact that their first experience of English people in the flesh consisted of a leading politician surrounded by 12 journalists.

"Ponderous" was how Anna, a confident 14-year-old, described her impression until then of the British, although the translator hastened to add that this was a compliment.

"Very active" was how another expressed her views of Mrs Margaret Thatcher, the UK Prime Minister, a description the ambiguity of which would have been worthy of Mr Baker himself.

The British delegation busied itself trying to find parallels between the major programmes of UK and Soviet educational reforms passed this year.

There were broad smiles *when Mr Alexander Klein,* headmaster of the 256-pupil school, explained that the 5,000-hectare state farm carried out all the school repairs and paid for school outings. That was one up for business involvement in education.

The smiles faded slightly when Mr Klein also explained that in future Soviet school heads are to be elected – but by the teachers in the school, not by parents.

The main purpose of Mr Baker's Siberian sojourn, however, was to wave the British flag in the crucially important economic region around Novosibirsk, the largest town in Siberia and one of the Soviet Union's main science centres.


Kenneth Baker: breaking fresh territory

Professor N.S. Dikanskii, Dean of Physics at Novosibirsk University, said yesterday the university was building close links with scientists in the US, Italy and West Germany but was hard pressed to name similar links with the UK.

Mr Baker promised academics at the university's English Club that he would see that they celebrated Christmas this year with puddings sent from England via Moscow.

The club has held a traditional British-style Yuletide party each December 25 despite the fact that their country is officially atheist.

But although they have all the trimmings such as a Christmas tree, crackers, mistletoe and decorations, they cannot get hold of Christmas puddings.

Private power station awaits February start

By Maurice Samuelson

WORK on Britain's first private gas-fired power station could start in February next year if negotiations on a fuel supply contract with British Gas are successful.

The plant, on a disused power station site in Leicester, will generate electricity for the East Midlands Electricity Board, and hot water central heating for nearby council flats, a hospital and other buildings.

The East Midlands Board, a member of the nine-strong consortium behind the project, has been negotiating for more than a year for a alternative gas *supplies from British Gas and* independent suppliers in the North Sea.

This would allow the main contractors, including Hawker Siddeley Power Engineering, which will instal new gas turbines, to start site work in February.

Financial and technical factors have resulted in the scheme being being scaled down to generate only 100MW of power against 250MW at first envisaged.

Ulster schools encouraged to drop religious barriers

By Our Belfast Correspondent

SCHOOLS IN Northern Ireland which educate Protestants and Roman Catholics together are to be given special treatment by the Government, it was announced yesterday.

The vote of confidence in integrated education reflects the Government's belief in the merits of educating children of all ages together irrespective of their religion.

Arrangements for helping integrated schools to grow are included in a White Paper (policy document) published by the Government yesterday which amounts to the most radical reform of the province's education system for more than 40 years.

While plans to allow schools to opt for independent status along similar lines to England and Wales have been dropped, grant-maintained integrated status will continue.

Schools which educate Protestant and Catholic children together will be given seed finance to help them grow free from debt and over-dependence on fund-raising.

The Department of Education is to be given a legal responsibility for promoting integrated education and, for the first time, such schools will attract government funding.

Several integrated schools are already operating in the province and have been reporting increasing enrolments each year.

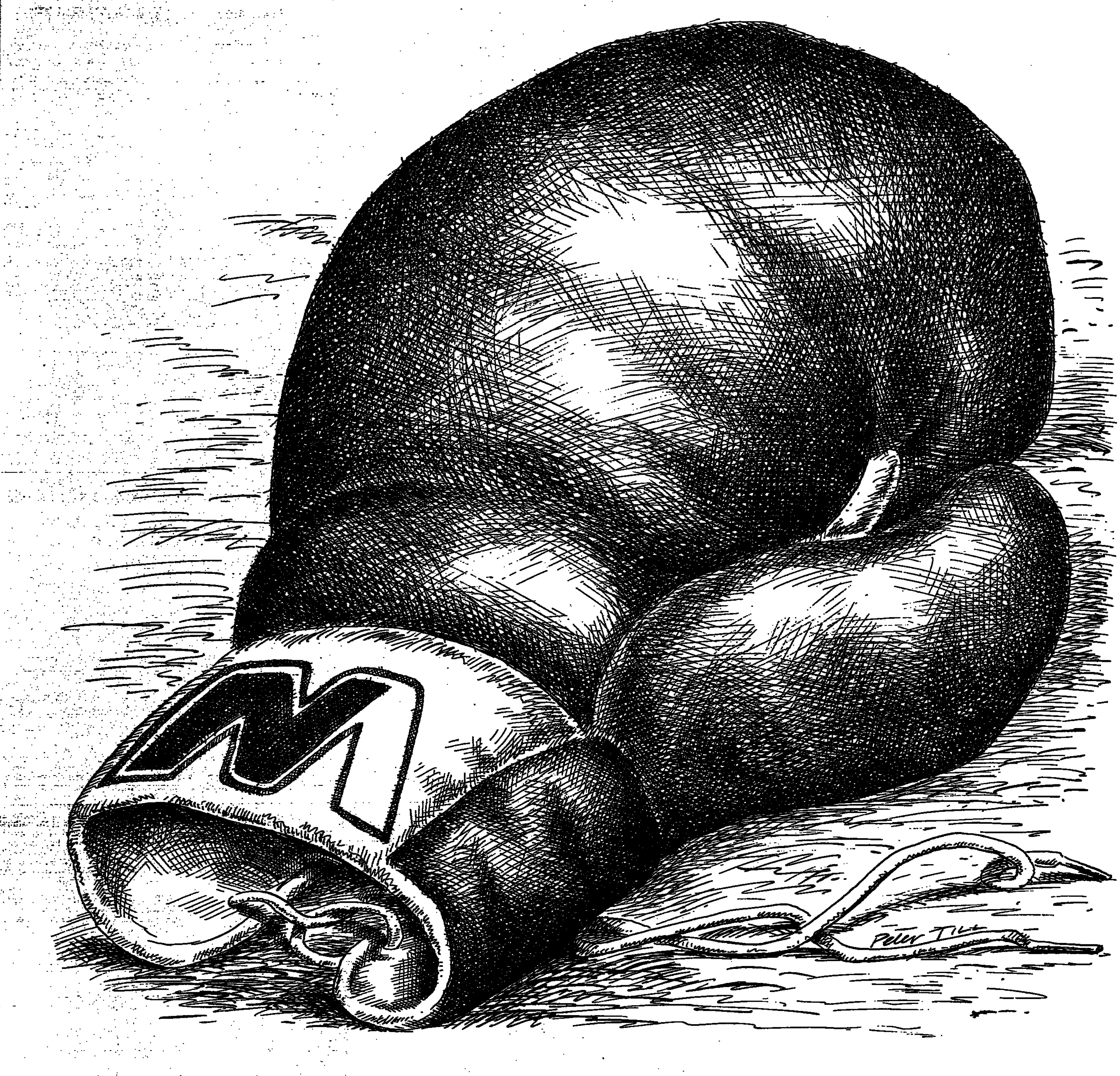
The White Paper maps out the future development of primary and secondary education in the province. The concept of a common curriculum for all pupils between the ages of five and 16 in Government-funded schools is endorsed. The main subjects will have common attainment targets, and areas such as mathematics, English and science will remain compulsory.

The controversial examination which determines a child's furture edication at the age of 11 is to be abolished. Instead of verbal reasoning tests selection for secondary and grammar school pupils will be based on detailed assessments supplied by schools and tests at the age of eight and 11.

Plans to test children at age 7 have been dropped after widespread criticism of the proposal. The Government has also been dropped its proposal to allow schools to opt for independent status. While this option exists in England and Wales, there was a negligible amount of support for the move in Northern Ireland.

Parents are to be given greater choice in schools by law and will be able to appeal to a new independent tribunal if they are dissatisfied with a school's rejection of their child.

The Irish language will be given more prominence although it will not be compulsory.



WEIGHING IN AT £10 BILLION

THE NEW HEAVYWEIGHT IN INVESTMENT MANAGEMENT

NM Investment Management Limited. A new contender in the UK for the management of institutional, private and pension funds.

Yet bearing a well established name.

Because NM Group, our parent company, already manages in excess of £10 billion around the globe – with skill, dedication and considerable success.

NM Investment Management Limited has been formed to manage the £1.5 billion assets of NM Schroder Financial Management Ltd, and to offer a new resource of unparalleled excellence to UK institutions and individuals with sizeable portfolios.

We recognise that our business is systems, and skills, intensive. Accordingly we have made a major commitment to technology and to people.

We understand the vital role of research and analysis. So we have built our four operational divisions around a comprehensive Economic and Investment Research Division.

The fund management divisions cover Unit Trusts, Life & Pensions, Property and Portfolio Management.

The skills and systems we employ on their behalf will be complemented by the market intelligence and global views of our offices in the United States*, Hong Kong and Australia.

Together, we weigh in at £10 billion.

And that, we can assure you, is only the beginning.

NM INVESTMENT MANAGEMENT LTD
NM HOUSE, SELDOWN, POOLE, DORSET BH15 1TD.
MEMBER OF IMRO.

*SUBJECT TO REGULATORY APPROVAL

Footwear

Trainers take a fashionable leap forward

Alice Rawsthorn reports on the fastest growing sector of the market in the UK

There was a time when a sartorially inclined young man took pride in wearing a pair of well-polished leather shoes. Today the same young man is much more likely to have swapped his shiny leather shoes for a pair of trainers.

The trainer, or sports shoe, has been the footwear phenomenon of the 1980s. Traditionally sports shoes were worn only by participants in serious sports. But since the early 1980s the increased popularity of sport, combined with the products of a new wave of US manufacturers – like Reebok and Nike – has encouraged a new generation of teenagers to adopt trainers for everyday wear.

Sports shoe sales have boomed. Trainers have become the fastest growing part of the UK footwear market and are set for further growth over the next few years. But the market is becoming increasingly competitive – according to a new report from the Projection 2000 market research consultancy – as the established players confront a new source of competition from emerging Italian and Japanese manufacturers.

Moreover, sports shoe companies may face a slowdown in sales from the early-1990s because of the demographic decline of their chief consumer group, the 15- to 29-year-olds.

The story of the trainer has so far been one of apparently inexorable growth. It begins in the US of the 1970s when the fads for aerobics and jogging introduced a new generation of consumers to sports shoes.

The traditional sports shoe industry – dominated by Adidas and Puma, the West German giants – was slow to respond to the influx of new consumers. This sluggishness enabled different companies, like Reebok and Nike, to develop new designs for stylish sports shoes.

Reebok developed a specialist niche in aerobics boots and Nike in running shoes. Both won market share at the expense of the established industry. Their shoes were so stylish and so comfortable that, when the aerobics bubble burst and jogging fell from favour, consumers continued to buy them for daily wear.

New York socialites now wear trainers with fur coats for shopping and Manhattan business women wear them with smart suits to the office. Cybill Shepherd, the actress, added bright orange Reeboks to her little black dress for a television awards ceremony.

The same trends have been replicated in the UK. Trainers are still not worn quite as casually as in the US; but one in three of all the pairs of sports shoes sold in the UK is now bought for everyday use, rather than for serious sports.

Projection 2000 estimates that the sports shoe market has more than doubled in size from £130m in 1982 to £280m in 1987. It expects sales to increase again this year to £340m.

The growth of trainers has taken a toll on sales of traditional footwear, especially on men's conventional shoes given that young men form the core market for sports shoes. The proportion of footwear expenditure devoted to trainers has risen from 9 to 12 per cent since 1982.

One of the characteristics of the market in the 1980s has been the emergence of new entrants at the expense of established manufacturers. The powerful players of the 1960s and 1970s – Adidas, Puma, and Dunlop, then the only significant UK manufacturer – have lost share to these new forces.

The US giants, Reebok and Nike, now claim about 12 and 10 per cent respectively of the UK market. But the most dynamic force has been Hi-Tec, the UK company which, within the last decade, has become the biggest player with about 25 per cent of sales.

Hi-Tec, Reebok and Nike now face competition from a new group of "niche" manufacturers like L.A. Gear of the US, Asics Tiger of Japan and Diadora from Italy. All these companies have gained ground in the last year or so.

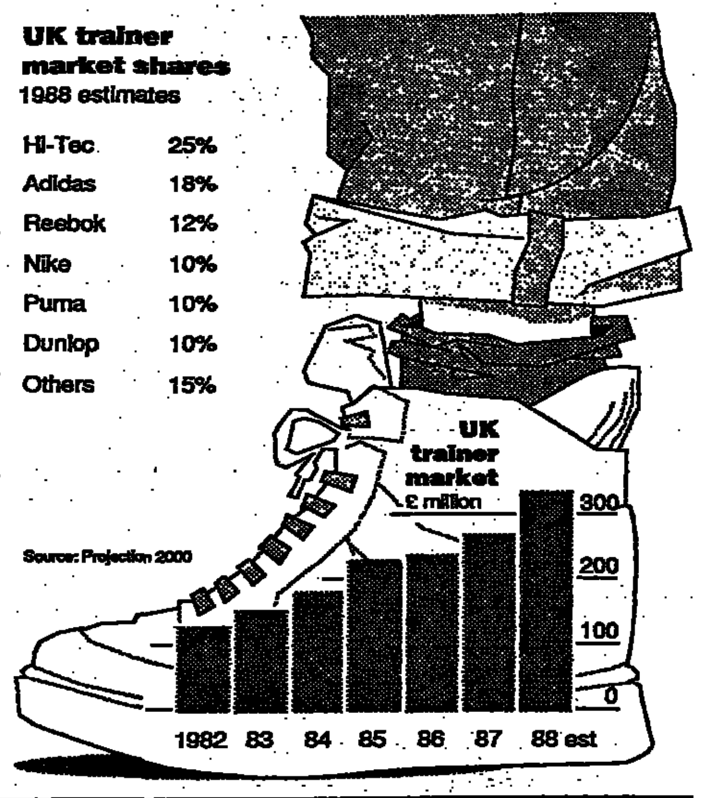
The newcomers tend to specialise in particular parts of the market – L.A. Gear in fashion shoes, for instance, and Asics Tiger in high performance sports shoes. Similarly, the larger players are diversifying into specialist areas. Reebok recently acquired Rockport, a producer of walking shoes in the US, to take advantage of the new fad for "exercise walking".

The traditional manufacturers are also becoming more competitive. Dunlop is battling back with its Whirlwind trainers; as is Adidas, with new product concepts.

But the principal problem facing the sports shoe companies, according to Projection 2000, is the demographic decline of their key market.

For Hi-Tec, Reebok, Nike and all the other companies that have enjoyed such frenetic growth for so long have to face the fact that from the early-1990s onwards there will be far fewer 18 to 29 year-olds around to snap up their trainers.

The "Trainers" report is available from Projection 2000 at 16 Evering Road, London N16 7QJ, for £65.



Hitachi builds for comfort

It has long been a truism in the car business that the addition of a few new bells, whistles and creature comforts will liven up flagging sales of a particular model. In the past few years, this strategy has also been applied to farm tractors – the interiors of some models these days look like living rooms.

It is also proving successful on that workhorse of the construction site, the hydraulic excavator. Hitachi Construction Machinery, the world's second largest excavator maker after Komatsu, two years ago introduced a series of machines that featured improved soundproofing in the cab, big windows, a digital clock and a soft fabric seat.

Within weeks of its introduction, the series was in strong demand. Hitachi's market share in the highly competitive Japanese excavator market has jumped almost six points from 23.3 per cent in the first half of 1986 to an estimated 29 per cent in the first six months of this year. It has advanced in world markets as well, although precise figures are not available.

"Technological improvements used to take first priority in planning a new model. This time we paid greater attention to the actual needs of our users," a Hitachi spokesman says.

In fairness, the new series, called EX, also had some interesting technological improvements. The main one was a control system which used a micro-computer to co-ordinate engine rotation with hydraulic pump power. It enables the operator to run the pump and the tractor at the same time, and optimises the use of fuel.

The series also happened to hit the market at just the right time. For one thing, the Japanese Government was beginning to step up its public works spending in response to foreign demands that it stimulate domestic demand. Also, at that time, the latest model from its rival Komatsu was already two years old. Hitachi was able to stimulate customers into changing excavators.

"The timing was perfect," says Ben Moyer, vice president and analyst in the research department of Merrill Lynch Japan. It took Mitsubishi another full year and Komatsu two more years to come out with competitive models.

Michiyo Nakamoto

Marketing abstracts

Product design and consumer purchase behaviour. *M. Bruce and M. Whitehead in Journal of the Market Research Society (UK), Apr 88 (16 pages).*

Investigating the role of product design in influencing purchase decisions by consumers, questions customers of three competing retailers in the home interiors market (company profiles are provided). Concludes that a product desing policy can give a supplier (even a new entrant) a competitive edge.

Morphological analysis. *S. Majaro in Marketing Intelligence & Planning (UK), Vol 6 No 2 (8 pages).*

Defines morphological analysis as an idea-generation technique capable of revealing a large number of ideas in a short time through the use of a two- and three-dimensional matrix; gives some brief examples of its use, and examines how the resultant ideas may be evaluated and screened. Outlines broad ideas about the composition of analysis groups suggests useful topics for analysis; and discusses how to prepare for, and conduct, analysis sessions.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

An advertising minefield

Victor Mallet explains why foreign companies must improve the quality of their messages in Arab publications

When a European company exporting to the Middle East decides for the first time to advertise in the Arabic language press it faces the media equivalent of a minefield.

The hazards include an unfamiliar language and culture, dubious circulation figures, shadowy middlemen, a shortage of good translators and Arabic copy writers, and a lack of accurate information about the publications of the Arab world.

European and American exporters have often failed to negotiate the minefield with skill and foresight, according to Arab publishers. The recession in the Gulf oil-producing states may finally be forcing advertisers, in a much more competitive market, to improve the quality of their messages and to target their audiences more carefully.

Today the total spend on advertising in the Arab world is worth several hundred million dollars.

A report* issued in London at the end of last month on 23 internationally available Arabic newspapers and magazines accuses several major advertisers, including Union Bank of Switzerland, British Aerospace, British Airways and General Electric, of failing to tailor their advertisements to the Arab market or to ensure adequate translations into Arabic.

"A bad translation of what is an advertisement specifically designed to appeal to a European market is more of a hindrance than a help in promoting a product in the Arab world," writes Bassam Elbani, author of the report. "Even a good translator is not enough. You might need a completely new advertisement."

Elbani also believes that Western companies are given poor advice on where to place their advertisements. They might, for example, choose a Lebanese-oriented magazine with a small circulation in the Gulf when they are trying to sell something in Saudi Arabia.

Exporters and their advertising agencies, while acknowledging that there are particular difficulties with the translation of technical terms and English word plays into Arabic, argue that it can be more important to maintain a coherent international image than to focus on a particular audience.

They point out that cultural differences exist as much within the Arab world as they do within Europe.

Some advertisers treat the requirements of the Middle East with particular attention. Abdul Rahman al-Rashed, Editor-in-Chief of the Saudi magazine Al-Majalla, agrees that advertisers can be careless but says that the maker of one brand of cigarette had gone out of its way to consult the magazine on the effectiveness of its campaign.

With oil prices low and imports to oil-producing countries constrained, and with the advent of commercials on Saudi television, some Arabic publications have found themselves squeezed by a shortage of advertising revenue.

Elbani is convinced that the poor quality of advertising and the ensuing lack of results has also had a hand in the crisis. "The reason why the ad expenditure and volume dropped so much is not only because the market has shrunk in the Gulf but also because advertisers are not seeing much return," he says. "If these ads were better written and better targeted probably they would have more impact."

Arab publishers and journalists, and organisations which represent Arab publications in Europe, share many of Elbani's views. "An awful lot of advertisements in their original form are somewhat inept," says Gareth Whitworth, a director of Overseas Publicity, one of the leading media representation houses specialising in the Middle East.

"A lot of them are almost word-for-word translations, which – if it were French to English – would make us wince. . . There is a problem of a lack of translators. Those that are around of any quality have really been rather pricey," he says.

The difficulties facing prospective advertisers in the Arab media also include:

● A confusing plethora of publications of varying quality in a saturated market. Many are state-owned or politically biased. Some are based in Europe and some in the Middle East, and they range from the long-established Egyptian daily al-Ahram to Asharq al-Awsat (a 10-year-old Saudi paper published in London and printed via satellite in Europe, the Middle East and New York) and al-Watan al-Arabi (a magazine which has become popular in North Africa by running several pages of lonely hearts and marriage advertisements). Al-Hayat, an old Lebanese paper, is planning a re-launch in London this month and says it hopes eventually to gain between one and two per cent of the Arab media's estimated $600m annual advertising cake.

● Dubious statistics. Circulation figures can be unreliable, out of date, or distorted by bulk purchases from the governments which support certain publications.

● Heavy discounting. Official rate cards and revenue figures can be highly inaccurate. Sometimes discounts of more than 50 per cent are offered, and some publications do barter deals with airlines, carrying their advertisements in exchange for the air freight of copies to various markets in the Middle East.

● Middlemen. Advertising agencies often farm out their work to Middle East "specialist" agents. Angry editors who feel they are being deprived of advertising refer to some of them disparagingly as the Lebanese mafia. Exporters often latch on to anyone who seems to be an expert in the field of Middle East advertising. Local agents can obtain discounts together with false invoices at the full price from publications to present to the advertiser.

** A survey of the Arabic media, Elbani Associates, 32 St Marks Road, London W10 6JN. £650.*

Towards the visual phone call

TOSHIBA, the Japanese electronics company, has developed a colour picture telephone which can send a limited form of video over a standard pair of 64,000 bit/sec channels in an ISDN public network.

ISDN (integrated services digital network) is the next generation of public telecoms system. Its users will be able to send text, graphics, video and audio signals as easily as they now conduct a telephone conversation. In Tokyo and other metropolitan areas, NTT, the Japanese telecoms authority, has operated a limited ISDN service since April 1988.

In a single unit, the new "telephone" accommodates a four-inch colour screen, a miniaturised camera and a keyboard. The picture on the screen changes at five to 10 frames a second, which Toshiba claims is fast enough to capture changing facial expressions.

This also gives the system time to send the frames over the relatively narrow bandwidth (*information* capacity) *channels. To* save further bandwidth, the engineers have developed a method of using maximum definition in the face, while restricting it in other parts of the picture.

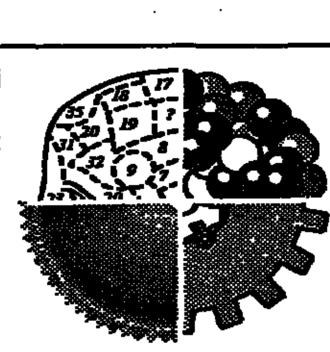
An expert system for ICI

LOGICA, the London computer software and systems house, is developing an experimental expert system for the UK chemicals group, ICI. The aim is to save time and money for those concerned with pharmaceutical product formulation.

Expert systems attempt to capture the knowledge of experts so that it can be used by others with the aid of a computer. They can also speed up the work of the experts themselves.

Normally, formulation involves selecting the components to form a *suitable base mixture for an* active pharmaceutical ingredient. The mixture has to be tested, analysed and adjusted until an effective formula is arrived at.

Called PFES (product formulation expert system), the Logica software was developed under the UK Government's Alvey research programme. It will help formulators to make initial decisions, guide junior formulators and assist in documenting the techniques.



WORTH WATCHING

Edited by Geoffrey Charlish

Useful role for a pollutant

COAL-FIRED power stations which pump waste carbon dioxide (CO) into marginal *oil wells, instead of releasing* it into the atmosphere, are on the cards using technology developed at Argonne National Laboratory in the US.

The work could lead to clean plants which do not raise the percentage of CO in the air. This increase is blamed for over-insulating the planet and warming it up, the so-called greenhouse effect. Normal flue gases contain about 15 per cent CO.

In Argonne's system, nitrogen is removed from the air fed to the burners, making it oxygen rich. The resulting combustion gases are *re-cycled* and the final output gases, which would normally go up the chimney, contain up to 95 per cent CO.

These are then pumped to wells, perhaps using idle natural gas lines. No pollutants are released into the atmosphere.

In nearly exhausted wells, the CO mixed with the remaining oil makes it flow *more* easily so that it may be worth pumping out.

The system can be put into new or existing 50 megawatt plants for about $25m (£15m). Tests on large experimental facilities and on a small boiler in a South Dakota power station, have shown that the system is feasible and could be scaled up.

Oil prices, currently *depressed, are the problem.* But when they reach $25 to $30 a barrel, "the technology will be waiting," says Argonne.

Dealing with routine questions

A SYSTEM called Infobot, developed by Syntellect of Phoenix, Arizona, can take over many of the routine telephone answering chores in financial institutions and service organisations. It is available in the UK from Persona Systems of Chessington, Surrey.

After answering the phone, a recorded voice tells the user which button to press to get what he wants, for example, "press button two for your account balance." *The computerised system* then receives the answer from the database and rapidly selects segments from a disc to give the answer in speech form.

In addition, callers can interrogate databases and add data to them by using the telephone keypad. A particular advantage of the system is that can work 24 hours a day so that inquiries need not be limited to office hours. A call can be made *from public, fixed or mobile* phones and a response is guaranteed.

A training programme allows staff in the organisation setting up the system to customise procedures for dealing with callers and writing menus.

A system for four enquiry phone lines costs £32,900. The necessary UK approvals have been obtained for Infobot.

Joint venture in fast chips

A JOINT Danish-US venture, Giga, has been set up in Brondby, Denmark, to supply gallium arsenide semiconductor devices to Europe. Gallium arsenide allows electrons to move more quickly than in silicon, the conventional "chip" material, and produces faster digital systems.

The companies involved are Gigabit Logic, of California, and a Danish industrial group, NKT of Copenhagen. The former claims to have won 20 per cent of the world market for mass-produced gallium arsenide devices. The latter has extensive experience of their use in telecoms and has a design centre in Copenhagen.

CONTACTS: Toshiba: Tokyo, 457 2104. Logica: London, 637 9111. Argonne: US, (312) 972 5584. Persona: UK, 03727 29611. Giga: Denmark, 2 961818.

The trouble with going for growth

Della Bradshaw describes how a young company responded to early setbacks

Microvitec, the UK's largest independent manufacturer of colour monitors for computer-based equipment, announced a 77 per cent rise in half year pre-tax profits to £929,000 (on turnover of £13.7m) last month. This represented a dramatic improvement in its financial fortunes.

Although the company has never made a loss, the four years since its flotation on the unlisted securities market (USM) has seen several disappointments and one or two near disasters. Its short history exemplifies the problems that small high-technology companies face when they go for growth.

The company, which specialises in monitors and terminals for the education and finance markets, is one of Bradford's largest industrial employers with a 600-strong workforce. But Paul Dhesi, the managing director, acknowledges that it has faced some hard times.

"Looking back, it is easy to crystalise the things that went wrong," he says. *They include inadequate financial* planning and stock control and over-dependence on a few large customers and component suppliers.

Microvitec was formed in July 1979 by Tony Martinez, former chief engineer at Thorn's television manufacturing plant in Bradford. After three years of growth, Microvitec was floated on the USM in May 1984. That was at the height of the microcomputer boom and the company was valued at £49m.

The share price rose from the flotation figure of 180p to 210p, but within weeks the micro boom faltered and with it Microvitec's share price. By the time the interim financial figures were announced in September 1984, the shares were down to 171p.

That month a more practical problem arose, relating to the supply of cathode ray tubes which, as well as accounting for 40 per cent of the cost of Microvitec's monitors, are key parts for television sets. Several Japanese suppliers, which dominated the market, earmarked all their production for new Chinese television factories. Dhesi had to fly out to Japan to persuade the suppliers that Microvitec was a big enough customer to merit a continued supply of cathode ray components.

Next the demand for home computers collapsed and a dramatic shake-out of electronics stocks ensued. Microvitec suffered on both counts: its principal customers, the microcomputer manufacturers, stopped ordering monitors and its shares suffered with the rest.

As the share price continued to drop, the company admitted that it had miscalculated the start-up costs for its newer production lines, reducing profits for the first half of 1985 by £1.5m. By the end of the year, shares in the company had plummeted to 18p, a 10th of the flotation price. It was a classic case of a small company trying to grow without the financial muscle and business experience to do so. "The financial control was poor and the stock management was poor," says Dhesi.

The end of 1985 saw further problems. One of Microvitec's biggest customers was ICL, the British computer company, which was incorporating Microvitec monitors in its "one per desk" (OPD) combined telephone and computer product. During 1985, Microvitec supplied £4m worth of monitors for the OPD, but in December ICL abruptly *cancelled the contract* because sales had failed to meet its expectations. The knock-on effect brought the first job losses at Microvitec: 46 out of 300 employees were made redundant.

Since that debacle, Dhesi has made sure that not even Microvitec's biggest customer accounts for more than 25 per cent of the company's turnover. "We also put a lot more effort into finding out how our customers' businesses are doing. It's a question of building relationships."

One of Dhesi's biggest customers is Reuters, which uses Microvitec monitors in its dealing room systems. The two companies have an "original equipment manufacturer" (OEM) agreement of the sort that now accounts for about 40 per cent of Microvitec's business.

"Companies wanting high volume production are looking for the lowest price, so they go to the Far East. With the smaller players, things other than price come into play. We can tailor our systems specifically for them," says Dhesi.

Microvitec's concentration on the OEM business is also favoured in the City. "The key to Microvitec's profitability is its manufacturing flexibility," says James Warhurst, an analyst with Henry Cooke, Lumsden. "They can produce relatively large volumes of a number of semi-customised products."

Throughout the difficult times, the company has stuck to two basic principles: to address the market as an international one and to focus on its strengths. "This company's competitive edge is our strength in analogue computing," says Dhesi.

Its best seller at the moment is the Series 7, an auto-scanning monitor which can detect signals across a range of frequencies and so be used with most computer processors. Microvitec also makes touch screen monitors and has moved into the interactive videodisc market.

It has built on its market strength in niche areas such as education. It is preparing to supply IBM compatible microcomputers to schools, for example.

More than 20 per cent of Microvitec's products are sold in Europe and the company's decision to stick it out in the US market has also paid dividends. Its American subsidiary turned in pre-tax profits of £100,000 for the first half of this year. "The political temperature is rising in the US," says Dhesi. "They would rather buy from Europe than from Japan. Labour costs are not the be-all and end-all."

Design for remote news gathering

Probably the last place one would expect to find a satellite station is in the middle of a marrow field in the Pakistani frontier town of Peshawar.

Every day at 5 pm, a portable satellite station is taken out of eight small boxes and erected among the marrow, to the astonishment of the locals and the fury of the farmer. Hundreds of villagers gather round wide-eyed as the scene is transmitted thousands of miles away to Cornwall in the UK, a country most of them have never heard of.

At first, the staff at the Goonhilly Down receiving station, run by British Telecom, are equally surprised to receive the signal. "You are so clear we thought you must be just up the road," comes the response.

After eight years of designing and testing, Richard Cleghorn-Brown, managing director of SNG Services (SNG stands for satellite news gathering) believes the company has created the world's smallest satellite station, at 6 ft high, capable of communicating from anywhere.

It means that in future television crews may no longer need to do battle with the local television station to arrange satellite feed, but can travel with their own station. The SNG team, now working on the sixth version, have halved the total volume of equipment each year for the past three years. The Mark Five weighs 150 kg and can be carried by two men.

The key is that every piece should fit into accompanied baggage of the size stipulated by international airlines. The video exciter to boost the signal is now a quarter of its original size and the combined size of the amplifier, beacon receiver, satellite television receiver, signal monitoring system and video exciter is that of a home music centre.

Two men and two stations fit into a Land Rover and the equipment can be assembled in 20 minutes.

The most important feature is the antenna system which comprises an off-centre feed and segmented reflector dish, 1.5 m across, which splits into four petals. Made of an aluminium-glass composite, it is light enough to be easily carried but rigid enough to prevent distortion during repeated dismantling and reassembly.

It is far more sophisticated than the original antenna – a metal dish with an elephant trunk-shaped receiver. Experiments with fibre-reinforced glass were abandoned when it proved too heavy and prone to distortion.

Cleghorn-Brown says the design of the dish is critical because it enables the use of a small travelling wave tube amplifier, which does not need much power. "A few years ago hundreds of watts of power were needed, now it is less than 150 watts."

The team came to Pakistan in 1986. It might seem a strange choice in view of the bureaucratic jungle to be negotiated; but, as Cleghorn-Brown explains, "Pakistan is a living laboratory presenting all the extremes of condition and climate one could ever encounter. It has everything from deserts to 10 of the world's 30 highest mountains." SNG is helping Pakistan to improve its news coverage and satellite reception, as well as giving training in camera techniques.

So far the project has eaten up £2m including compensation for the marrow farmer. Much was raised as venture capital, while the European company Satelcoop has taken out a year's contract to use the station for news footage.

Rather than [illegible] SNG hope to [illegible] world-wide news gathering [illegible] intends to have a [illegible] hemisphere, which [illegible] the most inaccessible events.

"To facilitate this, SNG's sister company, Pegasus Skylink, is producing microlite flexwing aeroplanes, light and cheap two-man aircraft that are [illegible] mixture of powered hang-gliders. These microlites are on [illegible] Pakistan.

The Mark Five station was [illegible] in the marrow field [illegible] of President Zia's death in August. It enabled SNG to be the only organisation to send instant colour [illegible] from Pakistan.

Christina Lamb

Management Accountant

West End

c.£25,000 + car

This client is the oil exploration and production division of a major International group with diverse interests. There is now an immediate requirement for a qualified accountant to join their small but professional team.

The role will encompass budgeting, strategic planning, financial and management accounts. Ultimately the successful candidate will become involved in systems developments including modelling finance for major projects and taxation matters.

Candidates should be qualified accountants, age indicator, 26-30, who feel that they could make an immediate contribution in a demanding environment and who could progress within the organisation. The highly competitive remuneration package will include a fully expensed car.

Interested candidates should send a resumé quoting ref: 232 or telephone:

Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 01-839 4572

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

DOMINION INTERNATIONAL GROUP plc

CORPORATE FINANCE MANAGER

Dominion International Group plc is an expanding international company concentrating on financial services. As a result of an internal promotion a vacancy has arisen at our corporate head office in Wimbledon. Your role will be to assist in the formulation of strategy and to identify and investigate investment opportunities, including acquisitions, working on transactions through to conclusion. The position will contain considerable exposure to senior divisional and head office management and will require occasional travel abroad.

You will be around 30 years of age, professionally qualified (ACA/MBA) with well developed analytical and communicative skills and sound business judgement. You will have experience of acquisitions and corporate investment, preferably in an international context, gained whilst in industry/commerce or in the corporate finance department of a merchant bank or stockbroker. A thorough knowledge of the yellow book would be an advantage.

For the right candidate we will offer an attractive remuneration package, including a company car and BUPA, and the prospect of considerable career development. Please write with career and remuneration details to:

Mrs L Lees
Head of Group Personnel
Dominion International Group plc
Dominion House
49 Parkside
Wimbledon
London
SW19 5BN

THE PROPERTY ENTERPRISE TRUSTS

FINANCIAL CONTROLLER

W1 £OUTSTANDING

The Property Enterprise Trusts are the UK's leading personal tax shelter company. The Company was established in 1982 and, to date, has successfully raised some £90 million of funds for it's unique tax based property unit Trusts.

As a result of the continuing success and expansion of PET, we are now looking for a young qualified accountant (preferably ACA) to join our small but highly motivated team as a senior executive and to play a major role in running and developing our business.

In particular the right person for the job will be responsible for the day to day running of the Company's accounts together with the seven property unit Trusts under management, budgeting, monthly reporting and liaison at all levels with the company's advisors and customers—all of whom are professional people.

A high degree of personal integrity and professional presentation is required, together with a thorough working knowledge of computers and spreadsheets. There is unlimited potential for the right candidate to use his/her own initiative in developing the company's systems and products. REF: JG/1.

For further details contact:
Accountancy Personnel
79 New Bond Street,
London W1Y 9DB.
Tel: 01-493 3813.

Accountancy Personnel
Placing Accountants First
Hays

GROUP FINANCIAL CONTROLLER

City **circa £38,000, Car + benefits**

Henderson Administration Group plc is a market leader in the financial services sector with £8 billion of funds under management. We wish to appoint a Group Financial Controller to be responsible for all management and financial accounting functions.

Reporting to the Group Director of Finance and Administration the appointee will have full responsibility for the management, control and expansion of our financial and administration requirements and make a significant contribution to profitability through the adoption and implementation of sound and cost effective plans which meet our corporate needs. In addition, the jobholder will assist with the Group's strategic business planning and provide practical, innovative and cost effective solutions to business challenges.

With a recognised accounting qualification, the successful candidate will already be competently versed in managing the financial function in a subsidiary of a large multi-national or, as the controller of an industrial or commercial UK company. An individual self-starter is sought, whose enthusiastic, straight-forward personality will ensure successful achievement of objectives with skill and professionalism.

Written applications are invited by applying in full and total confidence to Tony Edwards, Group Personnel Manager, Henderson Administration Group plc, 3 Finsbury Avenue, London, EC2M 2PA.

COMMERCIAL ROLE – FMCG FINANCIAL CONTROLLER

To £28,000 + Car

Telford Shropshire

Our Client, a highly successful manufacturer of fast moving consumer goods, supplies a number of major retailers with "own brand" products and enjoys a significant export market. With a turnover of c.£25m and an excellent record of growth, plans include a USM flotation within the near future. In order to implement this, a Financial Controller is sought to spearhead a number of wide-ranging projects which are being undertaken to further develop profitability, as well as to provide significant business input to the senior management team.

The role has a number of key areas of responsibility:

(1) Control of a major project to relocate manufacturing activity to a new site, monitoring capital expenditure (c.£8m), and commercial expenditure, installing systems and establishing controls and disciplines.

(2) Line responsibilities for all accounting staff in the manufacturing area.

(3) A series of investigative projects, examining all areas of the business (including production/warehousing and distribution/engineering costs/manning levels etc.) aimed at extracting maximum profit.

(4) Commercial Head Office work, including control of foreign exchange, cash flow, capital expenditure, stock holding policies etc.

The role involves total immersion in the commercial side of the business, and should appeal to candidates whose aspirations lie outside pure accounting: qualified Accountants, aged 26–30, with commercial awareness, confidence, positive aggression and determination. Future prospects are excellent and could lead to divisional Directorship for an individual making a substantial contribution.

Please apply directly to Kirsty Smith at Robert Half, Freepost, Kensington House, Suffolk Street, Birmingham B1 1BR. Telephone: 021-643 1663, evenings 021-354 3727.

Financial Recruitment Specialists
London · Birmingham · Windsor · Manchester

ROBERT HALF

FINANCIAL CONTROLLER

Develop financial services with a market leader

Substantial negotiable salary + car

Rapid expansion in a highly competitive market forms the background to this challenging role with Magnet, the UK's leading Home Improvements operation. With new stores opening all the time and a commitment to the highest standards of customer care, we're setting up an in-house financial services operation to meet our customers' needs for flexible finance plans.

As Financial Controller, reporting to the Director responsible for this operation, you'll develop and implement the systems and controls necessary to create and manage this new sphere of activity. The quality of our product will be matched by the quality of our financial services—your brief is to build and lead a team capable of developing a major profit centre within the company.

As a fully qualified Accountant, your background will have been in financial services, ideally in the retail field. Equally important will be your personal qualities—communication and management skills allied to a technical knowledge of financial products, a familiarity with the commercial sector and the ability to innovate and implement enabling you to meet the challenge of this exciting position.

Your current earnings will not be less than £23,000 and you will be attracted to our substantial package and associated benefits which include non-contributory pension scheme, private healthcare and a company car. Relocation assistance will be available if appropriate.

To apply, telephone or write to Derek Dean, Personnel Training Director, Magnet plc, Ashfield Mills, Crossflatts, Bingley, West Yorkshire BD16 2EE. Tel. 0274 568222.

magnet

ALL · AROUND · THE · HOME

REGIONAL CONTROLLER

FAR EAST

£35,000–£40,000 PACKAGE + CAR + BENEFITS

Our client, a major international company, requires a qualified accountant in the age range 30–35 for the London based position of Regional Controller of the group's range of businesses in the Far East. Extensive travel will be necessary.

The Regional Controller will report to, and work closely with, an Executive Director and will support the individual businesses' management in the provision of up to date and effective financial information as well as exercising appropriate financial controls.

This role requires a responsive and commercially minded professional who is at home in an international environment and who can think in business rather than purely financial terms. Experience on the ground in the Far East or in an international company with significant presence in the region is essential.

The company offers an attractive starting salary, share options, a fully expensed car and large company benefits. Applications detailing career and salary progression should be sent in confidence quoting Ref FT/610 to:

**Tony Bell · Adnams Bell Thomas and Styles Ltd.,
87 Jermyn Street · London SW1Y 6JD**

BUSINESS PLANNING MANAGER

HEMEL HEMPSTEAD

c £24,000 + Car

"an opportunity to make a REAL contribution".

Our client is a highly successful Company – part of a major British Multinational Group they are market leaders in the design, manufacture and supply of local area networking products . . . experiencing compound annual growth of 70% p.a.

A newly created opportunity is now available for a qualified accountant to start up the BUSINESS PLANNING function.

Skills in a range of areas are expected, including – Financial modelling and analysis; business forecasting; product costing and profitability; management accounting.

This is a high profile position working as a key member of the management team.

Applicants need commercial awareness and the ability to make things happen.

Applicants must be qualified Accountants, preferably with a technical or business degree and in their mid 20's. They must be clear and quick thinkers, able to demonstrate proven skills written and verbal communications, and with the ability to support non-functional areas of the business such as Sales, Marketing and Development. Career prospects are excellent within this highly successful organisation.

To discuss this appointment – in confidence,
Contact:– ARTHUR FLITTER, Adviser to the Company.

BEAUMONT MANAGEMENT SERVICES LIMITED
Beaumont House
Station Path
Staines, Middlesex TW18 4AL
Tel: (0784) 62131 (24 Hours)

BEAUMONT MANAGEMENT SERVICES LTD.

Management Recruitment Consultants

Personal Assistant to Financial Director

London W1

c£28,000

Major international public limited company's expansion has created this new post with responsibility for acquisition reviews, evaluation of bank project financing proposals, analysis of impact of accounting principles and policies, worldwide and ad hoc reviews.

Applicants must be qualified accountants aged say 23-27 with post qualifying experience in a substantial professional practice.

Our clients seek an intelligent, analytical communicator capable of operating at the highest levels.

For a brief job description, write to John Courtis FCA, at John Courtis & Partners, 104 Marylebone Lane, London W1M 5FU quoting ref: JC/7211/FT and demonstrating your relevance clearly.

JC&P Management Selection and Search
London, Milton Keynes, Wilmslow

Many are called... Few are chosen...

Most people when asked about their long term career aspirations will answer that they are aiming for 'General Management' responsibility. Relatively few people successfully make that transition until late in their career when the role often consists of running an existing business where all the policy parameters, decision-making mechanisms, and procedures are already clearly defined.

A 'blue chip' group in the service sector, whose reputation instantly qualifies them as a 'household name', are looking to build an elite management team and offer opportunities to contribute to the development of a growing business, in highly competitive and constantly changing market conditions demanding sound commercial judgement, entrepreneurial flair and judicious management of resources.

They will recruit business graduates aged between 28 and 35 (maximum) who can demonstrate sound and successful career progression in their chosen commercial discipline, augmented by exposure to, and success in, a management capacity involving broader commercial considerations. Evidence of highly developed analytical and planning skills, practically employed, will be a pre-requisite, as will the ability for strategic thought and balanced decision making. Possession of an MBA, Diploma in Management or equivalent, whilst not essential, would be an advantage.

In return they offer excellent salaries according to individual experience and level of expertise together with a comprehensive fringe benefits package which includes a company car.

If you qualify and feel it is time to capitalise on your skills please send your career résumé and accompanying letter in complete confidence to:

**Skilled Personnel Ltd,
Finland House, 56 Haymarket,
London SW1Y 4RN**

YOUR SKILLS ARE OUR BUSINESS

RETAIL MANAGEMENT ACCOUNTANT

c£22,500 + Car + Benefits

Clarks Shoes Ltd is the largest branded manufacturer/retailer of shoes in Europe, employing more than 11,000 people in the UK. We are part of the C & J Clark group of companies.

Our Finance Division needs a professional young accountant to head its Retail Management Accounts Section which supports our 300 shops generating a turnover of over £130 million.

Reporting to the Finance Director, you will be responsible for the provision of management accounting and control information to the Retail Operational Managers.

We use modern computer-based systems and familiarity with similar procedures is essential.

The successful candidate will be professionally qualified with at least 3 years' experience in Retail Management Accounting.

Relocation costs to this attractive part of rural Somerset will be paid.

Why not send your CV to Jeremy Baker, Personnel Manager, or telephone 0458 43131 extension 2606 for an application form?

Clarks Shoes Ltd is an equal opportunities employer and welcomes applications from all sections of the community.

Clarks Shoes Ltd
40 High St
Street
Somerset
BA16 0YA

Clarks

A direct line to the executive shortlist

To secure the best appointments at a senior level needs more than good advice, accurate objectives and succinct presentation.

InterExec not only provides career advice, but also a unique service to bridge the critical gap between counselling and the right job. Why waste time and money on unproductive letters?

InterExec clients do not need to find or apply for appointments. Over 50 full-time staff with over 5,000 unadvertised vacancies p.a., enable InterExec to offer the only confidential Executive placement service.

What is each unproductive day costing you?

For an exploratory meeting without obligation, Telephone InterExec on 01-930 5041/7

A member of the Career Development & Outplacement Division

Landseer House, 19 Charing Cross Road, London WC2H 0ES.

InterExec SMI

FOR ACCOUNTANTS

Young F.D. Designate

Newly/Recently Qualified

City — ***£22,000 - £25,000 + Car + Share Option***

With a current turnover in excess of £3 million, this recently established exclusive retail company has ambitious development plans. Presently on target against their growth strategy, they will have established 10 sites within Central London by the end of 1989. Consequently, they are seeking a commercially aware individual with the ability to exercise considerable influence over the direction and planning of their corporate growth.

Managing and motivating a small accounting and administrative team, you will take control of the finance function. Focusing particularly upon business strategy, you will develop your skills across a broad range of areas, including:-

- ▲ Diversification - both organically and through acquisitions
- ▲ Projections for new outlets, using spreadsheets
- ▲ Budgeting and forecasting for the entire company
- ▲ Involvement in raising venture capital

Working as part of a young, close-knit management team, which has already enjoyed considerable success, you will gain broad experience within a highly progressive organisation. Having proven your ability, you will be rewarded by promotion to Financial Director, probably within nine to twelve months, together with the opportunity to gain an equity share in the company in the future.

For further information, please contact ANDREW LIVESEY on 01-404 3155 at ALDERWICK PEACHELL AND PARTNERS LIMITED, Accountancy and Financial Recruitment, 125 High Holborn, London WC1V 6QA.

Alderwick Peachell and PARTNERS LTD

APPOINTMENTS ADVERTISING

Appears every Wednesday and Thursday

for further information call 01-248 8000

Deirdre Venables ext 4177

Paul Maraviglia ext 4676

Elizabeth Rowan ext 3456

Patrick Williams ext 3694

Candida Raymond ext 3351

Liquidations Manager

Major International Firm

The City — **c£30,000 + car**

Our client, a leading international firm of Chartered accountants, wishes to appoint a Liquidations Manager to join their expanding City based Corporate Recovery Practice. The liquidations department is highly successful. It currently employs more than 40 professional staff and is continuing to grow rapidly.

This is a senior position and the individual sought will become involved in the day to day management of the department. Specific responsibilities will include:

- handling the complex technical issues of live casework
- staff management; including training and development
- liaising with clients and assisting in practice development
- financial management
- introducing computer systems

This is a very responsible role, hence candidates should possess good interpersonal and communication skills. Applicants must have a minimum of five years experience of voluntary and compulsory liquidations combined with work of an investigative nature.

The successful candidate should be a professionally qualified Chartered or Certified accountant or a member of the Insolvency Practitioners Association.

Promotion prospects are excellent.

For further details contact Alexandra Mutch on 01-831 2000 or 01-831 2634 (24 hours), or write to her at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page Finance

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

---

Turning Information into Strategy

FINANCE DIRECTOR

Pioneers of the home fashion market, a company associated with innovation and quality, the Coloroll Group have a deservedly high profile from wallpaper through to ceramics. We are looking for a top level Financial Director who can help develop the strategic direction of one of our divisions.

Edinburgh Crystal are market leaders in the manufacture and import of high quality lead crystal glassware, with sales levels of £25m per annum. It will be your responsibility to take an active role in forward business planning, in a hands-on situation where enthusiasm, ambition and ideas are essential.

With insight to turn facts and figures into plans for improvement, you must be able to generate change by utilising the skills of an energetic supporting team.

An analytical mind is essential, as is proven success at a senior level in a manufacturing environment. You must also possess a high level of computer literacy.

Qualified to degree level, and to ACA or ACMA standard, you will find that the opportunities for career progression within the Coloroll Group are exceptional.

We are offering an attractive salary, company car, first class benefits package and generous relocation expenses.

Please send c.v. including full salary details to: Mike Shepherd, Coloroll Edinburgh Crystal Division, Dennis Hall, King William Street, Stourbridge, West Midlands DY8 4EZ. Telephone 0384 392521

COLOROLL

EDINBURGH · CRYSTAL ·

FINANCE MANAGER

HARLOW — **c.£25,000 + CAR**

Our client is an expanding hi-tech medical services company enjoying a 25% year on year growth. Supported by the resources of a substantial international parent the company has developed a well-defined strategy for further business expansion led by a strong professional management team.

The Finance Manager, reporting directly to the Managing Director, will make a major contribution to the direction and management of the business. A substantial computerisation project, in both operational and financial areas, is close to completion and the Financial Manager will generate and use quality financial information to ensure all commercial decisions are well backed by correct financial considerations.

Candidates will be qualified (aged 28-40), able to contribute to a dynamic management style and be confident communicators with operational managers and the parent group financial executives.

Please apply in writing or by telephone (quoting ref. 7298) to:

Jeff Adcock
Clark Whitehill Consultants
25 New Street Square,
London, EC4A 3LN
Telephone: 01-353 1577

CLARK WHITEHILL
Executive Selection

Tax Partner (Designate)

Midlands — **to £35k + benefits**

Our client is internationally well established with offices in 50 countries and is one of the UK's leading chartered accountancy practices. It has enjoyed one of the fastest growth rates of any major UK accountancy firm over the past 5 years during which time it has broadened its client base particularly in the growth industries. The firm has a dedication to providing the highest standards of professional advice.

This new appointment of a tax partner in one of the fastest growing offices is of the highest priority for the continued expansion of the office. The new incumbent will take responsibility for both personal and corporate tax and will also advise on a wide range of corporate financing work. The role is seen as a significant business development position.

You are probably under 37 years, a CA possibly with a degree. Ideally you will have had direct training in both personal and corporate tax in one of the leading UK practices.

We are seeking a positive results orientated person able to work in a friendly but dynamic professional environment. In return we offer an attractive remuneration package. Please send your CV to or telephone in complete confidence Arthur Hughes at.

MKA SEARCH INTERNATIONAL
MKA House
St Andrew's Court, St Andrew's Road
Droitwich, Worcester WR9 8DN

MKA

London, Droitwich, Worcester — Search, Selection & Management Consultancy

---

FINANCIAL CONTROLLER, DISTRIBUTION

Surbiton — **c £25,000 + Car**

ABK Electrical Limited a subsidiary of the Oakley Investments group is a leading distributor of electrical kitchen appliances to the housebuilding industry and related businesses. Turnover is currently in excess of £13 million and will increase steadily as the distribution network is expanded.

Due to internal promotion, an immediate vacancy exists in the Surbiton head office for a Chartered Accountant to fill the position of Financial Controller. In addition to assuming responsibility for the accounting function, including the preparation of budgets, cash flow projections, management accounts and statutory financial statements, this role will necessitate involvement in the development and maintenance of computer based financial control systems both at head office and across the branch network.

The successful applicant will have several years commercial experience preferably gained in a multi-site environment and in addition to a high degree of technical competence, should be able to demonstrate the personal qualities which would merit an early Board appointment. Preferred age 28-32 years. Career prospects are excellent.

Applications, supported by a detailed C.V., should be addressed to:-

Mr. T. P. Southern, Joint Managing Director, ABK Electrical Limited, Suite 3, Tolworth Tower, Ewell Road, Surbiton, Surrey. KT6 7EL

INTERNAL AUDIT

£20,000 plus; F/E Car

Consumer Goods — **West of London**

My client, the UK subsidiary of a leading US multinational whose flagship brand is an acknowledged world leader, seeks a commercially-aware Audit Manager to maintain and enhance the efficiency and effectiveness of all of their business control systems. Reporting to the Managing Director, you will undertake audits and projects that support line management in improving controls and recommending improvements within both financial and operating systems. The ideal candidate will be in his/her mid to late 20's, qualified, and with a minimum of two year's commercial auditing experience that must include operations audit. This highly visible role requires a determined individual who can display effective interpersonal and organisational skills to achieve maximum results. The position offers excellent opportunities for personal development within an influential and dynamic organisation. Generous benefits, including relocation assistance are offered.

Male or female candidates should submit in confidence a comprehensive cv which will be forwarded direct to the client. Please list separately any companies to which you do not wish your details to be passed.

Archie Buchanan,
Buchanan & Partners Ltd.,
Buchanan House, Church Square, Princes Risborough, Bucks HP17 9AQ.
Princes Risborough (084 44) 2033

Buchanan & Partners

ADVERTISING · MARKETING · RECRUITMENT
MANAGEMENT SELECTION

Financial Director

Retail Marketing Services — London

c. £35,000 + Car + Share Options

Our client, an autonomous subsidiary of a £50 million USM group has achieved a market-leading position by combining a programme of continuing strategic acquisitions with a commitment to organic growth and quality of service. With a customer base that includes some of the best known (and most demanding) suppliers to the high street, this quality of service is critical.

Working closely with the Managing Director, you will be controlling and monitoring financial performance and providing sophisticated computer-based management information. You will have an originating role in the process of business development – trading, commercial and strategic decision making.

Applicants (male/female, 30 – 40) should be qualified, with senior financial management experience, ideally gained in a service industry. A high degree of computer literacy is essential, preferably coupled with experience of systems development.

In the first instance, applicants should write with full personal and career/salary progress details, stating in a covering letter any companies with whom the details should not be discussed and quoting reference number NH1432.

John Collins, Recruitment Consultant,
Nicholls Hanley & Associates Ltd.,
Ashley House, 30 Ashley Road, Altrincham,
Cheshire WA14 2DW.

BRIGHTON POLYTECHNIC

Head of Finance

£27,789

Following the appointment of the current postholder, Mr Derek Fowlie, to a senior post within PCFC, the Polytechnic is seeking outstanding applicants for the above post.

The Head of Finance will provide financial advice to the institution and be involved at a high level in policy developments. New systems and procedures are currently being introduced, but the postholder will have an opportunity to influence these systems and meet other challenges arising from the incorporation of the Polytechnic on 1 April 1989. The annual turnover of the institution is some £30 million.

Applicants must be qualified accountants with relevant experience gained in commerce, the profession or in an institution of higher education.

For an application form and further particulars contact: The Personnel Department, Brighton Polytechnic, Mithras House, Lewes Road, Brighton BN2 4AT Tel: (0273) 693655 Ext: 2437

Closing date: 28 October 1988.

We are committed to equal opportunities.

ACA, CACA, ICMA £22,000

Urgently required by multi-operational and very successful Co.

The ideal candidate will be in their 20's and will possess sound Accounting and Management skills.

Please contact
David Paton, Hynes Associates Ltd., Search & Selection Division, Wells House, 77-79 Wells Street, London, W.1.
Tel: 01-580 5522

FINANCIAL ACCOUNTANT

NORTH LONDON — **c.£22,000 + BONUS + CAR**

Romeike & Curtice is Europe's leading Press Cutting Agency providing a unique service to a wide range of companies and organisations. The company employs 215 people reading some 3,000 different publications supplying news information to thousands of clients worldwide.

We are looking for a commercially aware accountant, preferably ACA, aged 28-40, to control and manage our Accounts Department and all financial matters at our Head Office at Palmers Green, North London. Applicants should have several years commercial experience and be keen to accept responsibility for the running of their own department with the self confidence and interpersonal skills to do so successfully. Reporting to a Board Director, responsibilities will include: complete management of the accounts function, staff motivation, management accounts, statutory reporting, and company secretarial duties.

This is a senior management appointment and the successful candidate is expected to pursue a thorough knowledge and involvement in the business as a whole to contribute fully and effectively. It is an excellent opportunity to join a strongly developing company in a position of influence.

Please write to John Colleran at the address below enclosing a detailed CV indicating current salary and with a recent passport type photograph attached. Please mark all applications "Private and Confidential".

R&C

ROMEIKE & CURTICE
The Press Clipping Bureau

ROMEIKE AND CURTICE LTD,
The Press Clipping Bureau
HALE HOUE, 290-296, GREEN LANES
PALMERS GREEN, LONDON N13 5TP

ROMEIKE GROUP

Deputy Group Finance Director

£30-£35K + Car + Benefits — **Cheltenham**

In less than twenty years, Westbury Homes has become one of the foremost homebuilders in the country – through a combination of intelligent marketing, sound business acumen and astute financial management. An excellent opportunity now exists for an ambitious and experienced professional to join this dynamic publicly quoted company in the role of Deputy Group Finance Director.

Based at our attractive head office in Cheltenham and reporting to the Group Finance Director you will be a key member of the central management team and will be expected to make a significant contribution to corporate planning developments and reviews. Day to day responsibilities cover all key financial reporting areas including management and statutory accounts, budgets, treasury management and consolidation and review of Group information.

Probably aged 30+, you should be a qualified accountant with several years relevant experience gained within an industrial environment. Highly developed commercial skills and some experience of computer systems are considered essential. In addition, you should be able to communicate effectively, direct and motivate staff and have a mature, practical approach to your work.

In addition to a salary of £30-£35K per annum, we offer an attractive range of benefits including company car, private mileage and private health insurance.

If you feel you possess the qualities we are seeking, please apply in writing to the Group Personnel Manager, Westbury Homes (Holdings) Ltd., Westbury House, Lansdown Road, Cheltenham, Glos. GL50 2JA.

WESTBURY HOMES
NOBODY BUILDS IT BETTER

TRINITY COLLEGE OF MUSIC

ACCOUNTANT

RE-ADVERTISEMENT

LONDON W1 — **C£18,000**

Trinity College of Music is one of the country's leading music teaching institutions. It also provides a worldwide external examinations and publishing service. The College has recently appointed a new Head of Finance to manage its Finance Department. He now seeks an Accountant to assist in developing the work of the Department, particularly in terms of new computer systems, and to undertake and be responsible for the accounting functions of the College.

This new post provides an excellent opportunity for a young qualified Accountant with energy and enthusiasm who wishes to join a College which is embarking on a programme of significant development.

Salary is negotiable but is not likely to be less than £18,000, including London Weighting Allowance. The College operates a contributory pension scheme.

Further details and application form from Assistant to Administrator, Trinity College of Music, 11-13 Mandeville Place, London W1M 6AQ.Tel 01-935 5773

Closing date for application Monday 31st October 1988.

ARTS

Katya Kabanova

GLYNDEBOURNE TOURING OPERA

New for the Glyndebourne Festival just past, Nikolaus Lehnhoff's production of Janácek's *Katya* has been swiftly recreated for the touring company by Stephen Lawless, with a new and less experienced cast. On Tuesday it looked to be running-in still – generally excellent ingredients, so far imperfectly gelled (with noisy hiccups in the scene-changes). The Lehnhoff staging, stark and simple against the clean silhouettes and radiant washes of Tobias Hoheisel's designs, is pointedly economical about movement and gesture too; though I missed the Festival version, I suspect that the original prescription has been assigned straight to these quite different principals, where varying the formula would have been healthier.

Rita Cullis's big, mature, anguished Katya – freely and beautifully sung – is by a long way the most formidable creature on stage. We have to read her craven awe of mother-in-law Kabanova as mere projection, for Susan Bickley's irate postures as a trim, youthful Kabanicha are mere show; besides, Hoheisel's glowing vistas suggest nothing of the narrow village piety which stifles Katya's married life (this Kabanicha's parlour is icon-free as well as luridly, implausibly red).

The contrast between the Cullis heroine and Alison Hagley's bubbly young confidante Varvara – still a "maiden" is certainly enhanced, but at the further cost here of making us see Katya through Varvara's eyes as strangely and privately obsessed, even hysterical. (At the start of the opera, in a classic example of producer's prelude-spoiling, Lehnhoff has already made Katya mime the dream-of-flying she later recounts to Varvara *in the open air*, as if it were a free-floating fantasy unmotivated by actual domestic cramp.) Neither her illicit lover Boris nor her mother-ridden husband Tichon, competently portrayed though they were by Michael Myers (after a dim, half-voiced start) and Paul Strathearn, cut figures sharp enough yet to explain her predicament in real-life terms. Janacek's *Katya* loses, surely, if his heroine is a victim of purely internal strains.

Some vigorous redeeming life is supplied not only by Miss Hagley's charming Varvara but by Christopher Ventris as her lover Vanya, brightly personable and most attractively sung. There is a good little servant Glasha by Sarah Pring, and a crusty old-fashioned-film Dikoy from Alastair Miles. Sian Edwards is the reliably keen conductor of the "London Sinfonietta Opera Orchestra," cleverer so far at making Janacek's most taxing orchestral writing effective (at occasional cost to her singers) than at sustaining the sage, elevated tenderness of his *musical line*. She is never clumsy with it, exactly, but here and there she jostles it through over-excitable sympathy.

David Murray

The Relapse

RICHMOND THEATRE

There is nothing so admirable as sharing the blame, and there is plenty of that commodity going spare at this painfully second-rate and lacklustre revival of Vanbrugh's great comedy by the British Actors Theatre Company, BATCO for short.

The actors' collective, founded last year by Peter Woodward and Kate O'Mara, unveiled this shoddy work at the Richmond Theatre last week. It moves to the Apollo in Oxford this week, thence to Newcastle and Malvern, Billingham and Aberdeen. The entire cast is responsible "for all aspects of the production" and provides the best argument for director's theatre to have come my way in months.

The evening lacks pace and edge and looks cheap. Locations are important in this play: Berinthia's bedroom; outdoors in Whitehall; the barricaded country retreat of Sir Tunbelly Clumsey; Lord Foppington's mirror-strewn boudoir where he may conduct his levee from all angles. The set is a colourless arrangement of architectural arches and platforms populated by stiffly enunciating gallants, fluttering mesdames and crudely bucolic yokels. No-one has given a moment's thought to the masque.

This would have looked old-fashioned in the 1950s. Even the least satisfactory of the RSC's Swan Theatre Restoration revivals is fifty times better. It is no answer to say that the stage director was unknown in Vanbrugh's day. You may as well say that electricity was similarly unknown, and play by candlelight. Theatrical Flat Earthers and their critical brethren are always moaning about Shakespeare at the RSC and stylistic and technological anachronisms in much subsidised classical work. This is the show for them, and they are welcome to it.

BATCO no doubt takes inspiration from the 1970s Actors Company of Ian McKellen and Edward Petherbridge, or from Kenneth Branagh's new Renaissance project. But both these examples employed directors while fully acknowledging the primacy of the actor.

Without a director, Roy Marsden's Foppington remains an exercise in smug poses, sour and mincing in false calves and rouged cheeks, but no whit the dominating, phrase-relishing voluptuary we have seen from Donald Sinden and Simon Callow, stap me vitals, strike me dumb. The country girl Hoyden is inexplicably played by a harmless beauty, Jane Arden, while Richard Heffer's Loveless, with a fixed acid smile, manages somehow to be simultaneously nasty and bland.

Kate O'Mara's Berinthia is much the most interesting performance, but her conniving is without appetite, short on lubricious malice. Of Peter Adamson's Sir Tunbelly, Knight Mantell's Coupler and John Challis's Worthy I cannot bear to speak. Here is acting of prehistoric vulgarity. Michael Thomas's Young Fashion, though, has a drive and purpose that are dangerously akin to vitality. He will have to be watched carefully, otherwise audiences might think he had been directed.

Michael Coveney

Prometheus in Evin

YOUNG VIC STUDIO

Iraj Jannatie Ataie's brutal drama of oppression was first staged at the Royal Court's Theatre Upstairs last year in his native Farsi. Encouraged by the response it received, there, he has spent a year translating it into English for performance by a multi-racial cast. It has not weathered well, and its failure underlines one of the great dilemmas facing writers in exile: should they stick to their own language or adapt to the vernacular; on the one hand accepting consignment to a cultural ghetto, on the other risking the loss of the very qualities that are most important.

The play follows the misfortunes of a poet and intellectual in an Iran to which both are anathema – and where torture has been honed to a fine art culminating in the grand ultimatum, "death or TV." Our protagonist, Man, chooses the latter and spends the second act thrashing in the torment of a celebrity who has publicly sold his soul.

In Farsi, the writing carried a poetic weight which offset the rape, beatings and mutilation. Without understanding the words, one could follow the rhythms and intonations of a rich and beautiful language. Like his protagonist, Iraj Jannatie Ataie is a poet, who suffered persecution by successive Iranian regimes. His recollection of the sadistic treatment meted out to dissidents in the notorious Evin prison contrasted with the lyrical voice of a people whose cries of pain and mourning have become badges of courage and survival.

In English, the poetic voice is clumsily stretched between overblown, archaic speech and brutal colloquialism that has the ring of English as a second language (one would have thought director Phil Young, himself a writer of some note, could have tactfully saved the dwarf mortuary attendant from the line: "surely you've seen twenty summers, hapless creature," as he sponges the blood off a corpse).

Where once there were helpful and lucid entities, there are now uncomfortable inter-scene gaps which emphasise the structural weaknesses of the play; where once there was a small and committed amateur cast, there are now 17 actors of very varied experience and expertise. The one survivor from the original ensemble, Soudabeh Farroukhnia, plays the wife of the poet with her face set in an ecstasy of suffering. Her problems with English too often reduce her to reciting her troubles at Anthony Allen's poet – a stocky, middle-aged figure who is more at home with the self-indulgent ragings of the sell-out than with the angst and idealism of the artist under seige.

Claire Armitstead

Jennifer Durrant, winner of the Athena, in front of her "There and Back," 1987

Artists deserve awards

William Packer on two much valued prizes

This is the time of year that brings with it some of the major dispensations of largesse to the Fine Art world, with two of the most substantial awards declared last Tuesday. At midday at the Royal College of Art on Kensington Gore, where the work of the eight short-listed candidates is on show (only until October 8), the winner of the £10,000 that Barclays Bank gives to the Young Painter of 1988 was announced. And that evening at the Barbican came the declaration of the Athena Art Award for 1988 (exhibition until October 30), which amounts to £25,000 to the winner and £1,000 to each of the other seven artists on the short-list.

Neither of these awards is long-established, and in a time of conspicuous sponsorship of the arts, so often for short-term ends, their obvious generosity invited a certain initial scepticism. Were they perhaps too good to be true, let alone to last? But last they have and by now both of them seem as firm as they are valued fixtures in the art world calendar.

They are not least remarkable for having raised the stakes in the practical sponsorship in the visual arts, which was necessary and overdue. The performing arts and their artists had long enjoyed their five and six and seven figure subventions, but the painter was held to be not so much less deserving as less desperate a case. The old idea that painting is no proper occupation but only a diversion dies hard.

The Barclays Award of £10,000, which is restricted to students in their final year at one of the four London postgraduate schools, might seem an awful lot to give to a young artist just emerging from art school, but only until one considers the nature of his commitment. The post-graduate art student will have already spent at least five and more probably six or seven years at his studies, and it is hardly unreasonable for him then to try to live by his art. To be given that chance for a year at something around the average national wage seems not so extravagant after all.

This year the short-list is as impressive as ever, with the gallery full of large canvasses handled with an enviable assurance. But though the work is exclusively expressionist, which is no surprise, it is no longer predominantly figurative, which to some might seem to fly in the face of current orthodoxy. But that too is unsurprising, for much of the best painting being done in recent years, in or out of art school, has been non-figurative, for all the much-vaunted revival of figuration. It is good to see such work acknowledged here, and more welcome still to see it actually carry off the prize in the person of Mark Foulds of the Chelsea School of Art.

*

Rather than students the Athena directs itself to that other, larger group of deserving artists that, being in mature or mid-career, might be thought not in need of any help at all.

The system of selection was modified this year, doing away with an open submission in favour of invited participation. The pool from which the eight finalists was to be drawn was contrived by each of the five jurors nominating eight artists, of which two were to be under 35 and one over 55 years old, and then choosing up to two works by each of them. The exhibition that has thus come about is a stimulating and impressive trawl through current British painting with a haul that is as high in quality as it is varied. It is not at all to take issue with the short-list – and I certainly approve the winner – to say that had the duty been mine, each fresh visit might easily produce a fresh list.

Again much of the very best of the work is abstract, or at least abstracted, with the winner, Jennifer Durrant, one of the most distinguished of our middle generation of abstract painters. Her splendid show at the Serpentine last year passed largely unremarked, which makes her present success all the more welcome. There are fine things of all kinds, from Joyce Cairns, Gillian Ayres, John Mitchell, Jeff Dellow, Lucy Jones, Joe Tilson, Alan Green – the list is far too long. But the Turner Prize is still to come.

The Secret Rapture

LYTTELTON THEATRE

David Hare's new play for the National Theatre is a major event and a special pleasure. With 20 years of distinguished, distinctive writing in theatre, television and film behind him, he shows no sign of losing his ability to catch the moment and define for us a sharp view of how we live now.

In a classic opening scene, two sisters convene in a Gloucestershire house over the corpse of their father. He was a provincial bookseller and member of CND whose last years were lit up by an unreliable alcoholic, Katherine. The sisters, Isobel and Miriam, are a graphic artist and a Junior Minister in the Department of the Environment. Miriam has just snuggled back an expensive ring she bought her father, fearing Katherine might sell it to buy drink.

Formulating low opinions of people is a masking tactic in this stiletto sibling exchange, and it sets up a wonderfully taut atmosphere for the rest of the play. Six years ago, in *A Map of the World*, Hare employed a showy, Pirandellian cinematic technique to expose raw feeling. The writing was brilliant but tricksy. His film work now feeds back to the stage a more subtle narrative control, impregnated with film noir devices (reflected in Ilona Sekacz's nerve-scraping soundtrack) and bristling with smoothly accomplished ruses in the dissemination of crucial information.

Since *Knuckle* in 1974 Hare has run with the twin hounds of romance and thriller. That play also dealt in Chandleresque parody. What happens here to Isobel and her besotted book-jacket designer colleague, Irwin, is violent and real. Their firm is acquired by Marion's husband's business conglomerate. Irwin betrays Isobel over the deal by caving in to a waved cheque book. She lives with that. He then looks set to betray her again by sleeping with Marion's tartily amoral Sloaney PA (Arkie Whiteley a little out of her depth in a first job). She leaves him.

The death of a father has entailed the selling of the house, a leafily idyllic, book-panelled retreat, and the absorption of a small business. A sense of a disappearing England is brilliantly conveyed through what people actually say rather than these events in themselves. Deception in deals, as in personal relationships, is allowed. Greed is sanctified.

The problem is Irwin's obsessive passion. In touch with his feelings, he goes berserk and returns to the ghostly house which Isobel has re-bought after the dissolution by Marion's husband, Tom, of the company following poor results (how could she afford to?). She has taken on Katherine, who ruined the initial obsequies by demanding a job. A series of embarrassments has culminated in her attempt to stab an advertisement manager through the heart with a fork. The target was too small (typical Hare joke) so she has become clinically, rather than criminally, committed.

These developments are observed with destructive amusement from the sidelines by Marion and Tom, a couple of brilliantly portrayed political success stories written with a lethal mixture of fascination and sympathy. The performances by Penelope Wilton and Paul Shelley are absolutely superb, private obsession always hinted at beneath the public carapace.

When Katherine first begs for a job, Marion spins scornfully away with "Don't be ridiculous, I'm in the Conservative Party." The wit of that reply lies in its brutally logical context. The line says Katherine would not fit in, not that Tories do not supply jobs. The audience does the rest. Howard Davies's fine production, worthy of Hare himself, usually his own director, is fully alive to this double-edged quality.

Tom is President of Christians in Business, has made a fortune in paper napkins, and has perfected a public repertoire of deferential, accommodating hand gestures and little grinning shrugs that is one of the evening's principal joys.

Clare Higgins embodies the danger and impulsiveness of Katherine's condition, caught up in a set of new rules and values. Mick Ford is splendidly credible in his desperate bid to possess a woman who learns the worth of private dignity. Hare's heroines are often shrouded in enigma, but I cannot think of one whose enigmatic secrecy was better expressed than by Jill Baker as Isobel. This is a career-shaping performance by an actress generally known to be fine, a definitive display of elegance, poise, bite and true pathos.

John Gunter's sets seem to me the one major failing, requiring tedious backstage manipulation and not conveying concisely enough either pokey office condiditons, or the sumptuous Act II contrast, or indeed the correct scale of domesticity in the country.

Michael Coveney

Leinsdorf's Dvořák

FESTIVAL HALL

There are few international conductors of the post-war period who have made less of an impact in Britain than Erich Leinsdorf. Even since he left his Boston post in the 1960s there have hardly been any visits to London. His concert with the Royal Philharmonic Orchestra on Tuesday was thus a rare event, and the disappointment at finding it so low-key an affair all the greater.

On the podium Leinsdorf looks relaxed and genial. He conducts without a baton, using quirky little gestures of the arms and wrists. It is always clear how he wants the players to mould and shape and colour the music, though not always exactly when he wants them to do it, which may account for some shortfall in the RPO's usual high standards of rhythmic precision.

The concert opened with an account of Brahms *Variations on a theme by Haydn* that was consistently understated, and at times positively flat. Leinsdorf unusually finds old-world grace in this music and there was certainly some pleasure to be had in hearing the score free from any unwieldy emphasis; but the lack of tension told against it.

After the interval Dvořák's Seventh Symphony took on a similarly Brahmsian feel. The scherzo here was short on high spirits; but Leinsdorf does know how to make Dvořák's ideas sing (RPO strings in characteristically rich form) and there was no attempt to force this most lyrical of symphonies into an emptily flamboyant mould.

The programme was completed by a performance of Mozart's Fourth Horn Concerto, K495 with Barry Tuckwell as the soloist: strong and secure playing, ably supported. If only Leinsdorf had been able to generate some spontaneity in the music-making, too.

Richard Fairman

Britten's Phaedra

BARBICAN HALL

Montserrat Caballé singing Berlioz's *La Mort de Cléopâtre* was scheduled to be the star attraction in Tuesday's Barbican concert which Richard Hickox conducted with the City of London Sinfonia, but at the beginning of the week she pronounced herself indisposed and unable to appear. To judge from the queue returning tickets to the box office the disappointment was too much for some concert-goers to bear, but Felicity Palmer's account of Britten's *Phaedra* proved to be a more than adequate and highly appropriate replacement.

It is hard to resist the theory that *Phaedra* is all that exists of the tragic opera which Britten longed to write. It is well known that he planned a version of *King Lear*, but abandoned it when the news was leaked, and it is more than plausible that Robert Lowell's translation of Racine's *Phèdre* might have served as the basis for another such project. His illness destroyed all chance of composing anything so demanding as a full-length stage work, and the cantata (written originally for Janet Baker) was perhaps a way of coming to terms with that disappointment.

In many ways *Phaedra* is just as terse and hermetic as other examples of late Britten, yet it is permeated by a passion that is found nowhere else in his output. Had the opera been written one wonders what kind of piece it might have become, for no other Britten work deals with sexual passion so overtly, and no other uses a strict classical form – in this case that of a Italian cantata – to contain such a dramatic scena. Perhaps it would have become a "number" opera of an unusually rarefied and ambivalent kind, a personalised foray into neoclassicism.

Miss Palmer caught the mood, a fine balance of formidable despair and stoic acceptance, quite perfectly. A better finish to the string playing – more refinement, more sharply pointed rhythms – would have provided the ideal finishing touches, but the shape and the peculiar intensity were fully preserved. Few late-period works are as poignant and suggestive as this.

Andrew Clements

SALEROOM

Discrimination over coins

This is coin week in London built around the Coinex Fair. All the major salerooms are holding auctions but sentiment is rather reserved after the carefree days of the 1970s when coins seemed to be the most solid investment after gilts. The speculators moved in; the boom burst; and now genuine collectors are left, and buying with discrimination.

Yesterday it was Spinks turn, with prices about on target. An aureus of the Emperor Otho of 69 AD, very rare, sold for £16,500 while an even rarer aureus of 193 AD of Septimus Severus realised £5,720. A Ptolemy VI oktodrachm of around 160 BC just beat its upper estimate at £6,100, while the star of the morning was a coin bearing the heads of Marc Antony and Octavia which sold for £2,145, as against a top estimate of £220.

The best price paid at Glendinings was the £15,500 for an 1839 Victorian £5, but a penny of Offa, the only one of six examples not in a museum, was unsold at £5,000. The Christie's coin auction recorded the spectacular price, £26,070, double the estimate, for a Japanese Mutsuhito 20 yen piece of 1870 which went to a Californian dealer for £26,070.

In contrast Phillips was disposing of toys. A model of a motor cyclist made by the German firm of Wilhelm Krauss far exceeded forecast at £9,350 and a very early, 1862, model of the steam engine, "Lady of the Lake," made £4,400.

A minor auction of 19th century paintings at Sotheby's brought in over £500,000 with a high 31 per cent unsold. A 19th century Dutch School flower picture quadrupled its forecast at £18,150.

Antony Thorncroft

ARTS GUIDE

October 7-13

EXHIBITIONS

Paris

Carte Musées et Monuments, sold in museums and Metro stations, enables visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles Palace.

Musée d'Orsay. Cézanne, The Early Years (1859-1872). The 63 paintings and 20 drawings and watercolours, already seen in London and on their way to Washington, reveal a hitherto neglected period of the artist's life. The young Cézanne, fascinated by Courbet, influenced by Delacroix, Daumier and Manet, a friend of Zola and an admirer of Wagner, expresses his genius in compositions full of violence and eroticism – with the painter always the *voyeur*. The execution is daring, with sombre colours wrought into the canvas by a broad palette knife. Closed Mondays. Ends January 1.

Artcurial. Zao Wou-Ki's retrospective traces the development of an artist formed both by the ancient traditions of Chinese art and by the works of the Impressionists and of Cézanne, Matisse and Picasso. 9 Ave Matignon. Ends Nov 10.

Picasso Museum. The 17th century Hotel Sale, sumptuously restored, provides a fitting home for the world's largest collection of Picasso's work. It comprises 203 paintings, 158 sculptures and more than 3,000 drawings and engravings, 16 collages and 88 pieces of ceramics. It is completed by Picasso's own collection of paintings by his friends, such as Braque and Matisse, or by artists he admired, Renoir, Cézanne and Douanier Rousseau. 5 Rue Thorgny. Closed Tuesdays.

Berlin

Time Comparison 1988. Thirteen painters, spanning three generations, present the East German art scene in the 1980's. This exhibition concentrates on figurative painting and portraits. Among the artists are Hampel, Heisig, Ebersbach, Tubke and Libuda. Neues Kunstquartier, Gustav-Meyer-Allee 25. Ends Nov 20.

Stuttgart

To celebrate the 85th anniversary of the German Art Association, around 950 works by 280 artists are being displayed in four different museums. The presentations are divided up into various subjects: informal constructions; places and sounds; old subjects – new pictures; and landscapes. There are also works by German and French artists from 1908-1906. Ends Oct 12.

Vienna

Museum of Modern Art/Museum of the 20th century. Works by Oswald Oberhuber, one of Austria's finest artists. Ends October 26.

The Austrian National Library. The Arab world in Europe. A marvellous collection of letters and other literary items. Ends October 16.

Albertina. Exhibition of drawings by Alfred Hrdlicka, considered to be one of Austria's most controversial artists who managed to divide public opinion on plans by the City of Vienna to (finally) build a memorial to those who fought in the resistance during the Second World War. He is at present finishing his work on the memorial, which will be sited just across from the Albertina. Ends November 30.

Venice

Palazzo Grassi. The Phoenicians. The fourth major exhibition at Fiat's imposing art centre on the Grand Canal attemps to give a complete picture of this extraordinary people, who dominated trade in the Mediterranean for over 1,000 years before their capital, Carthage, was finally destroyed by the Romans in 146 BC. The exhibition has been given a highly theatrical presentation by the architect Gae Aulenti. Sarcophaghi project at odd angles from a pile of pink sand on the ground floor of the Palazzo; in an upstairs room, model ships stand immobile in a rippling artificial lake, and a huge polystyrene wave engulfs a Phoenician wreck. Until Nov 6.

Rome

Galleria Giulia (via giulia 148). Hap Griesbaber (1909-1981). An impressive series of coloured wood engravings organised jointly by the Auslandsbeziehungen Institute in Stuttgart and the Goethe Institute in Rome; works (dating mainly fromthe years 1947-1976) which are remarkable not only for theirunexpected largeness but for the artist's agreeable qualities: wit and charm (particularly in his animal designs) combined with an intense concern for political injustices. Until October 19.

New York

Metropolitan Museum of Art. An exhibition of architecture on paper covers four centuries of drawings including works by Frank Lloyd Wright, Louis Comfort Tiffany and Arata Isozaki, as well as the west facade of the Alhambra that dates back to 1580. Ends Jan 8.

Museum of Modern Art. Almost 100 black-and-white prints illustrate Matisse's influence during a 50-year printmaking career that included lithography, drypoint, etching and linoleum cut. Ends Nov 8.

Chicago

Art Institute. The first major retrospective in 30 years of Paul Gauguin includes more than 230 objects and major paintings from all the periods of his exotic and far-flung life. Ends Dec 11.

Tokyo

Tokyo National Museum. Japanese Archaeology: History and Achievements. Over 300 exhibits tracing the history of archaeology in Japan, from the time when an American scholar spotted a shell mound near a Tokyo railway station in 1907 to some spectacular finds of recent years, which have overthrown many of the cherished theories about Japanese civilisation. Begins October 4. Closed Mondays.

National Museum of Western Art. Japonisme. A major exhibition, seen earlier this year at the Grand Palais in Paris, which explores the influence of Japan on the art of the West in the late 19th century. The exhibits range from the straightforward representation of Japanese objects, or an added exotic touch in a conventional portrait – such as Monet's depiction of his wife in a red kimono – to copies of Japanese pictures and scenes from Japanese life. Closed Mondays.

National Museum of Modern Art. Genealogy of Realism. Oil paintings from the Meiji Era (1868-1912). Japan's first western-style art school opened in 1876 and artists soon grouped into followers of the Barbizon School, with its sombre devotion to peasant life and use of the more liberated palette of Impressionism. Both strands are well represented in this comprehensive exhibition. Closed Mondays.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000
Thursday October 6 1988

Issues raised by Nissan

THE ROW over France's opposition to exports of Nissan cars assembled in northern England is much more than another arcane European Community squabble. It raises wider questions about the future of the EC's single market and its relations with its major international trading partners.

Though the affair shows up neither the French nor British Governments in a creditable light, the former is most obviously at fault. It is insisting that the Nissan cars are not genuine EC products but count as imports from Japan, which France has long limited to 3 per cent of its home market. This is a legally disreputable argument. Not only is there no clear definition of what constitutes an EC product, but France's import curbs almost certainly violate Community and international trade rules.

France's main aim seems to be to step up pressure for mandatory EC local content standards, primarily to deter Japanese companies from circumventing import barriers by setting up "screwdriver" assembly plants in Europe. Unless output from such plants contains a high level of local content – France favours 80 per cent – it would not be freely traded inside the Community.

Fortress Europe

Though France's immediate concern is cars, similar thinking is surfacing in other EC industries, notably electronics. The apparent intention is to make Japanese manufacturers' access to the EC market dependent on their acceptance of European production cost and efficiency levels.

Such an approach could rebound on European companies, such as computer suppliers ICL and Amstrad, which rely heavily on imported Far Eastern technology and components. Furthermore, how would the EC treat cars exported from Japanese-owned plants in the US? It is not hard to imagine American reactions to European protests that such shipments were intended to evade EC restrictions on exports from Japan.

Britain's behaviour is disturbing for different reasons. Nissan's investment in the UK was heavily influenced by government assistance. Experience suggests that Japanese companies value such subsidies less for the cash involved than as tangible evidence of backing by host countries.

Pugnacious stand

The enthusiasm with which the British Government has rallied to Nissan's defence supports that view. However, the pugnacity of the Government's stand and its eagerness to pin Britain's economic interests so firmly to Nissan's colours, smack of discredited "national champion" policies hitherto confined to domestic industries.

This is a dangerous precedent. Until now, Japanese industry's direct investment in Europe has been modest and scattered mostly among subscale assembly plants. However, the closer 1992 comes, the greater the incentive for Japanese manufacturers to build large local plants able to serve the entire single market.

As the size of such projects grows, competition between EC countries and regions to attract them is likely to become fiercer. Unless European governments agree to stricter self-disciplines, they risk being drawn into an increasingly politicised scramble for national advantage.

Inward investment is unlikely to be economically productive unless firmly underpinned by industrial logic. Japanese industry has yet fully to appreciate the commercial advantages of making a genuine commitment to host economies. It can scarcely be encouraged to do so as long as EC countries believe that fostering European cost structures on Japanese companies, while competing to shower them with cash and political favours, amounts to a sensible policy.

The community care muddle

THE BRITISH Government must soon confront the fact that the organisation and funding of the nation's community care services are totally inadequate. In 1986, the Audit Commission published a damning indictment of the present system. The Government's response was to invite Sir Roy Griffiths, a special adviser on health, to conduct a review of community care provision. His final report was published in March. It recommended a series of wide-ranging reforms. Yet the Government has so far done nothing. Indeed, press interest in the topic was dampened by the publication of Sir Roy's report on the day after the Budget.

The problems are not going to go away. Yesterday Community Care Now!, an umbrella organisation representing a host of voluntary and professional bodies involved in community care, issued an urgent plea for the speedy implementation of the main recommendations of the Griffiths report. The call was backed by Mr Howard Davies, the controller of the Audit Commission who said that events of the past two years had reinforced the commission's view that the "status quo was not an option."

Gathering dust

Sir Roy has impeccable Thatcherite credentials. His much admired report on the National Health Service, published in 1983, led to the introduction of general managers and other productivity-enhancing reforms. Why then has his community care report been allowed to gather dust for six months? The short answer is that Sir Roy reached a conclusion that is distasteful to many ministers. He argued that local authorities should assume overall responsibility for the provision of community care services – and that, where necessary, resources should be diverted to them from other organisations such as the NHS.

It is not surprising that the Government is fighting shy of a reform that would tend to increase the power of local authorities. Yet it is difficult to argue that responsibility for community care should continue to be split between local social services departments, health authorities, and a host of voluntary and private sector bodies. This is a recipe for a fragmentary service and the inefficient allocation of resources. As Sir Roy argued, community care has become a poor relation: it is "everybody's distant relative but nobody's baby". This is even true at the central government level. Decisions involve at least four departments: Health, Social Security, Environment and, of course, the Treasury.

Perverse incentives

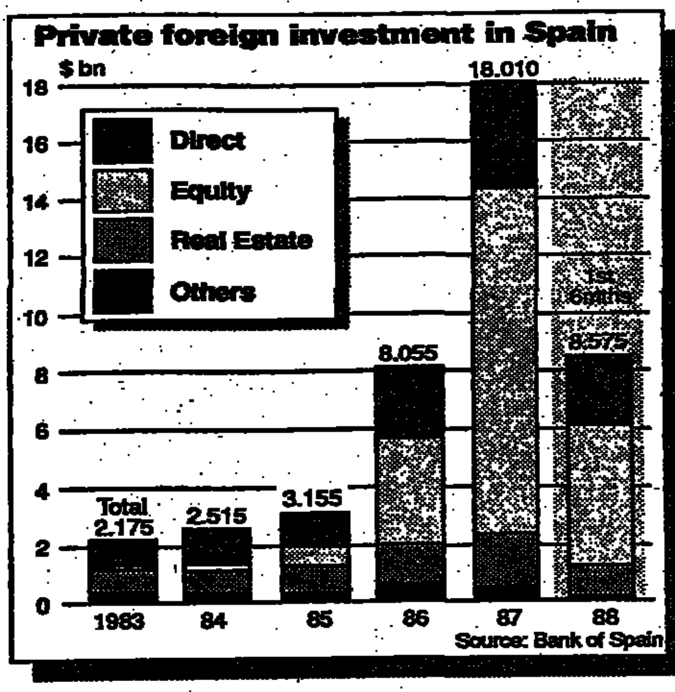
The division of responsibilities and a plethora of budgetary rules for the various players have created perverse incentives. Paradoxically, finance is most readily available for the most expensive type of care available – that provided by residential homes. Accommodation charges are met out of the social security budget with no questions asked. Yet cost-efficient care provided direct to people's own homes by local authorities is subject to tight cash limits. The elderly, the mentally ill and the handicapped are not able to choose rationally between the various options for care: the money they would save if they opted not to go into residential care cannot be spent on home-based services, even though the Government claims to be trying to promote these.

At the same time, the Government is proceeding with its policy of emptying long-stay hospital wards without first ensuring that local community facilities have the resources to cope with the influx of disabled and mentally ill people.

Sir Roy is surely right. Somebody must assume overall responsibility for community care. Decisions about the allocation of limited resources should be subject to a single set of rules. Residential care should not be subsidised at the expense of non-residential care especially when the latter is often preferred by the individuals concerned. Like it or not, the Government must accept that local authorities are the logical organisers of community care, which is an intrinsically local service. They should be given the resources to make a reality of it.

Peter Bruce reports on a wave of foreign investment in Spain

They come from far and wide



Nearly three years and some $34bn into a breathtaking flood of foreign investment into Spain, the waters show little sign of abating. The rush to buy Spanish assets, or create new ones, has become so commonplace that even the pledge on Tuesday night by General Electric of the US to plough some $1.7bn into a greenfield plastics and silicon plant in Cartagena failed to make the front page of any major Spanish newspaper.

A few hours earlier, the President of Seat, the car producer taken over in 1986 by Volkswagen, was telling journalists in Barcelona that VW would soon announce a Pta 50bn ($360m) modernisation of the group's old Martorell plant. That is in addition to plans by VW to build a new factory worth some DM 5bn.

Just for good measure on Tuesday, the big Japanese drinks group, Suntory, announced its arrival in Spain with plans to open a Pta 300m restaurant in Madrid, the Italian engineering group Italstrade bought all of the public works group Construcciones Soltus for Pta 140m and Asea-Brown Boveri made an offer to buy 100 per cent of the State-owned railway equipment producer Cenemesa.

Foreigners poured $8.5bn into Spanish manufacturing, equities, real estate and commercial paper in the first half of this year, more than twice the total for the whole of 1985 and more than the whole of 1986. Only a slowdown in portfolio investment on the Spanish stockmarkets since last year's October crash will prevent a new investment record being established in 1988.

Happily for the Spanish, the end of the dash from abroad to buy stocks last year – investment in equities leapt nearly 300 per cent to $12bn – is apparently being compensated by a strong rise in direct investment which looks like reaching a new peak this year.

The Spanish motor industry is already owned almost entirely by foreigners and the long-established component industry is a powerful magnet as well. Having already established themselves in Spanish financial services, foreigners are buying into new Spanish television channels, store chains, food manufacturers, hotel groups and the chemicals and paper industries.

"The short-term profit motive is (now) absent," says Mr Jaime de Piniés, chief economist at Chase Manhattan in Madrid. That is a healthy sign, even though the Finance Minister, Mr Carlos Solchaga, colourfully betrayed the nature of Spain's pragmatic socialism earlier this year when he boasted that Spain had become the country where it was possible "to make the most amount of money in the shortest amount of time".

Spain's accession to the European Community in 1986 triggered the current surge to invest. One result is that the country's non-gold foreign exchange reserves are now the fifth biggest in the world, giving the Government a comfortable cushion from which to watch its current account move into deficit this year for the first time since 1983.

Economists in both the private and public sector have begun to warn that the Government's inability to hold inflation down to its targetted 3 per cent this year – now revised up to 5 per cent – could make it difficult to hold down wages next year. But foreign companies attracted by cheap, intelligent labour, good weather and access to the EC continue to vote with their feet.

Last month Ford announced it was investing $68m in a new electronics plant near Cadiz after abandoning plans to build in Scotland. Abundant labour (despite some success in cutting unemployment this year, 19 per cent of the workforce is still officially jobless) seems to be the key. The average hourly wage in Spain is around $7.79 compared to $16.74 in West Germany, $13.53 in the US and $8.95 in the UK.

Spanish wages may improve but, notes Mr Joaquim Tammames, a Madrid-based industrial analyst, "although real wage cost advantages may decline, they will be offset by productivity gains". Indeed, more than half of all merchandise imports into Spain are now machinery and intermediate goods which will help improve productive capacity.

The peseta, which the Government has deliberately held to a 6 per cent band of fluctuation – broadly the same discipline that would be imposed on it if Spain were to join the European Monetary System – continues to look comfortingly stable too. Although Madrid has threatened to counter any dangerous inflationary pressures next year by tightening monetary policy, it remains largely a threat. Spain takes over the presidency of the EC next January with monetary harmonisation as a priority. It will probably have to commit itself to a date for joining the EMS soon and cannot freely use the currency as a political weapon.

Spain's entry into the EC turned the foreign investor profile on its head. Although the US continues to be a source of major set-piece investments – GE, Ford and AT&T's $200m microchip venture with Telefonica – the American share of direct investment here dropped from 20 per cent in 1985 to 13 per cent last year. EC countries, by comparison, accounted for some 66 per cent of planned direct investment last year, from about 45 per cent in 1985. The Japanese, who according to Finance Ministry statistics invested Pta 33bn last year, remain fairly static at around 4 per cent of total direct investment.

French and West German investors are easily the most active outside the services and real estate sectors. French direct investment in Spain doubled last year to Pta 50bn and an increasing proportion – 37 per cent – went into industry. Already well established with Renault and Peugeot in the motor industry, the French Alcampo and Carrefour groups have led a revolution in Spanish retailing. Huge, futuristic hypermarkets on the outskirts of Spanish cities have drained customers away from traditional corner shops.

West German investment has tended to centre around Volkswagen's commitment to buying Seat and to transferring most of its small car production to Spain over the next decade. But the German chemicals industry has also been a major investor, one result of which is that the Spanish paint industry is now largely in West German hands. It has emerged this week too that the big West German insurer, the Aachener & Munchener group, is pressing to enter the local market.

The British were heavily involved in Spanish industry a century ago. While they have more recently been enthusiastic foreign pioneers in the Spanish banking and services market and in real estate, they appear now to be returning to industrial investments as well. They are very late, British diplomats in Madrid admit. But British Vita's recent £250,000 cash purchase of a struggling Basque car component group, ICOA, is a step in a new direction. Even Mountleigh's controversial purchase of the Galarias Preciados store group is no longer being viewed here as just a property wheeze.

In the midst of all this, the Government of Mr Felipe Gonzalez has been remarkably helpful, to say the least. It has offered GE aid worth 30 per cent of the investment the company will make at Cartagena and the local authority there has given it a 700 hectare prime site for free. Ford's new $68m plant in Cadiz is backed by a $23m central Government grant and an unnamed sum – rumoured by some to be the entire balance of the investment – from the Andalucian regional Government.

The Government also seems quite unfazed by the prospect of so many Spanish assets – direct foreign investment totalled just over 1 per cent of gross domestic product last year – falling into foreign hands. The only investor to run into serious political problems has been the Kuwait Investment Office (KIO), which has been warned off (not very successfully) the banking sector but which has nevertheless established itself as a leader in the chemicals, fertiliser and foods sectors.

Quite simply, the Government recognises that the manufacturing and marketing experience that foreigners bring with them to Spain is essential to the country's efforts to modernise its industry and to increase the contribution manufacturing makes to the balance of payments. Up until now, chronic trade deficits have been covered by receipts from the 40m or so tourists who visit Spain each year.

Not that the beaches are declining in importance. Spain's warm Mediterranean coast has secured the lion's share of industrial investment for the southern provinces.

For German, American and Japanese executives and managers sent out to oversee their new investments, quality of life plays a major role. Mr Ignacio Trillo, chairman of GE's Spanish operations acknowledged this on Tuesday by remarking, only half joking, that he hoped the new Cartagena complex would not be too close to the beach.

BOOK REVIEW

Making it to 'world' class

Ever since the US first really woke up to its parlous competitive state against the Japanese, the phrase "managing our way to economic decline" has been a leitmotif of American management thinking – and attempted remedial action.

DYNAMIC MANUFACTURING: Creating the learning organisation
By Robert Hayes, Steven Wheelwright and Kim Clark
Free Press, £19.95

The phrase was born eight years ago as the title of a Harvard Business Review article which quickly became one of the most influential in its history. The article's thesis, echoed by In Search of Excellence and the barrage of other million-selling management manuals which followed it, was that the US's industrial and trade problems were not being caused by the inexorable workings of macroeconomics in a "post-industrial" society, as conventional wisdom claimed, but by inadequate management.

Companies were too obsessed with short-term gains, claimed the article. Instead, argued its authors, Professor Robert Hayes and Professor William Abernathy, managements should be far more concerned with the attributes that were making Japan so powerful: long-term competitive strategy; close attention to customer service; investment in technology; continuous improvements in quality; and, above all, emphasis on the importance of manufacturing.

There are still some adherents to the macroeconomic view. Barely two years ago Roger Smith, the chairman of General Motors, declared that the yawning US trade deficit was caused by the general economic and business climate, not by falling national competitiveness in management and technology. But most American companies now seem to realise that it is mainly up to them to put the US's industrial house in order. All over the country programmes have been installed to improve productivity, quality and customer service.

Yet, despite all the media's trumpeting of a general industrial revival, there are still relatively few examples of the "world class competitor" which everyone is supposedly striving to become. Time and again, authors and journalists focus on the same old names, notably Dana Corporation, Ford, General Electric (of the US), Hewlett-Packard, and IBM.

The factors behind the paucity of American role models are probed in characteristically scholarly fashion by Professor Hayes in this wide-ranging new book, which he has written with two Harvard colleagues.

Its basic message is that too many companies are tinkering with the problem of declining competitiveness, and that too few have grasped the need for an upheaval and renewal of their entire organisation.

Under the umbrella theme of "creating the learning organisation" (the book's subtitle), the authors demonstrate how companies can achieve the dauntingly long list of changes needed to achieve real "world class". Some actions span a couple of functional areas, others cover the entire company. They include such familiar priorities as improving information flows, configuring the factory better, raising quality standards, and developing products more quickly and at lower cost; on all these, the book reports useful new research, and the experience of such diverse "new" cases as BMW, Motorola and General Foods.

Just as usefully, the authors deal with several broader issues which have hitherto been discussed mainly in more specialist publications, notably the debilitating effect of conventional accounting techniques on modern manufacturing.

Advocating new types of performance measurement for the human as well as the inanimate factors of production, the Harvard trio lays great stress on finding ways to encourage specialists of all shapes and skills to work together much more rapidly and effectively.

This last issue is one of two related threads which run right through the book. The other is the importance of continual learning and improvement, not only within specialised functions but across them – a Japanese-style practice which is light years ahead of the norm in American industry, though not of some of the paragons cited in the book, such as Hewlett-Packard.

For a group of business school professors who make most of their living from teaching individuals in a traditional academic environment, the book's recipe for lifetime education, gole relationships, heavy emphasis on group learning, and on the importance of experiment and experience. All the same, the professors' lack of discussion of formal teaching seems rather curious. Their ideal "learning organisation" needs a mixture of both forms, surely?

This omission aside, Dynamic Manufacturing summarises better than most books in recent years the interlocking series of daunting changes which an American manufacturer (or a European, for that matter) must make if it really is intent on beating the Japanese challenge.

Christopher Lorenz

OBSERVER

Selling off the Royals

■ The decision to privatise the Royal Family must rank among the most secretive ever made, even by the present British Government. And as the prospectus published yesterday, British Monarchy plc, reveals, an awful lot of the details are still left open. True, the Family itself seems to have been taken on board – the Queen's letter to potential shareholders is testimony to that – but it looks like a last minute conversion with the Royals still believing that they hold the best cards.

The basic principle of establishing British Monarchy plc as the holding company for the rest of the enterprises is surely correct. That leaves aside, however, the question of whether all the enterprises should be sold at once, or whether the assets should be divested gradually. There is a strong case for getting rid of the Church of England straightaway at a time when there might be ready American buyers and the property market is still buoyant.

The prospectus has other defects. While there is superficially a strong case for listing Associated Honours as a subsidiary company, it is not entirely clear how far honours are within the Crown's prerogative. That depends on the Prime Minister of the day, especially if she has been there a long time.

The prospects for the Commonwealth subsidiary may also have been under-rated. As is well-known, many of the Royals prefer the overseas territories to the home country and may provide new management flair if freed from the shackles of 10 Downing Street. Commonwealth shares could rise sharply if rumours that Mozambique may join prove founded. There may also be a long-term future in the British Antartic Territory, if the predators can be kept out.

The idea of charging an annual levy on any institution called royal, like the Royal Mail or the Royal Borough of Kensington and Chelsea, is a good one, and the only surprise is that it has not been thought of before. On the other hand, the notion of using the grounds of Buckingham Palace as a car park has been previously considered, and rejected. Besides, even the Prime Minister has now turned green, which must limit the scope for development in Regent's Park.

Some of the history in the prospectus is shaky. William the Conqueror was undoubtedly the potential company's first auditor, but the accounts were not kept up. There is a nice tribute to the yummies of their time – the young upwardly mobile monks of the Tudor period – but the Reformation did not take account of the fact that sooner or later the country would again have to come to terms with Rome.

Nor is the present Royal Family quite as old as is claimed. Recently it has developed a tendency to proliferate. Potential investors will have to decide whether or not that is a good thing; as indeed will the Royals. Shares in other monarchies have fallen sharply in the past, only to come back, like the Spanish. In the last year or so there has been a renewal of interest in the Hapsburgs and even the Romanian Royal Family is considering regrouping itself in opposition to President Ceausescu. In such circumstances it may be wondered if the British are coming to the market too late, or at least whether there may be a danger of overcrowding.

Finally, the prospectus says nothing about the political implications. It begs the question of a future Labour Government bringing the monarchy under social ownership and ofcompensation to shareholders. Moreover, this must be one of the few privatisations where there is a genuine case for a golden share. That subject is still open. So is the business of foreign buyers. If the British Government cannot stomach the Kuwaitis controlling 20 per cent of BP, what price foreign ownership of British Monarchy plc?

"And this one has a section for keeping the words of The Red Flag."

Not really

■ The prospectus is, of course, a spoof. It is written by two free lance journalists, Peter Chippindale and Chris Horrie, and published by the Bath Street Press. The journalists describe themselves as left of centre, but want to see the reaction of such free market bodies as the Adam Smith Institute. The document will be on sale at the Tory Party Conference in Brighton next week.

Trendy CDs

■ The American haul of gold medals in Seoul was particularly good news for customers of Home Federal Savings of Waukegan, Illinois. They invested in Olympic Certificate of Deposits paying 7.5 per cent plus 0.01 percentage point for every gold medal. There were 36. It was a good deal for Home Federal Savings as well: the Olympic CD brought in more than $2m.

Indeed CD's with gimmicks are catching on all over. The trendiest of current offerings are Presidential CDs offered by a number of banks which pay customers a bonus tied to whether their candidate wins in November, and the margin of victory.

Customers of Perpetual Savings Bank in Virginia can indicate their preference by investing in a Republican or Democratic CD: whoever wins, the investor gets a bonus, so this is a true political straw poll. Vice President Bush started with a lead of two to one over Governor Dukakis in early September, but on the eve of the first televised debate between the candidates his lead had narrowed to 3 per cent.

Despite widespread agreement that Dukakis won the debate, Bush built up his lead to nearly 6 per cent at the beginning of this week. Thus all eyes at Perpetual, which has garnered around $1m from its Presidential CD offering, are now on the reaction to last night's debate between the running mates, Senators Quayle and Bentsen.

Big names

■ Melor Sturua, the commentator from Izvestia who is in London this week, says that Melor is quite a common first name in the Soviet Union. It stands for Marx Engels Lenin October Revolution.

ECONOMIC VIEWPOINT

The Burns doctrine: a closer look

By Samuel Brittan

What are we to make of the doctrine that we do not need to worry about a current payments deficit, so long as it emanates from the private sector and is not associated with a Budget deficit as well? This conveniently puts the US payments deficit in the malign category while granting a health clearance to the UK variety.

According to this doctrine, the Chancellor, Nigel Lawson, needed to raise UK interest rates only because the dramatic widening in the trade gap was a sign of inflationary demand growth. The implication is that if inflationary symptoms, such as wage pressures and house prices, subside there will then be little need to worry about the current payments deficit as such.

The doctrine has found its way into British policy statements via the ever-fertile brain of the Treasury's economic adviser, Sir Terence Burns. It was stated in Lawsonian prose in the Chancellor's July lecture, The State of the Market, now published by the Institute of Economic Affairs (2 Lord North Street, London, SW1P 3LB, £2.50) and was presented in more detail, if less elegantly, in the Chancellor's speech to the International Monetary Fund (IMF).

Mockery is easy. The convenience of the Burns doctrine to a British Chancellor presiding over a £10bn to £15bn current account deficit per annum is obvious. During most of the years of grumbling about the US "twin deficits" the British Government did not separate itself from the pack of international critics of the American current account, as well as budget, deficit.

The episode is characteristic of the way British economic policy makers reinvent economic theory on the hoof. It was also a mistake to make the Burns doctrine the theme of the Chancellor's IMF address. If anyone had been really concerned, it would have sounded like special pleading.

But in fact no one I met in Berlin outside British circles showed the least worry about the British deficit. One leading international economist whom I met thought the British economy was doing very well, did not know or care about the trade figures and asked me to give his regards to the Chancellor, Sir Geoffrey Howe.

Above all, I think it unwise for Chancellors to take on board too much doctrinal baggage from their advisers which they may afterwards have to throw overboard. As soon as I realised how much time Nigel Lawson was spending at the British Embassy residence in Berlin, closeted with one or two top officials, I knew the omens were bad. And to put my cards on the table, I did not admire the failure even to have a paragraph in the Chancellor's address carrying forward his own proposals in the much better speech of a year ago on international monetary reform, to which the Prime Minister or her kitchen cabinet objected.

* * * *

Yet none of these strictures on time and place make the Burns doctrine wrong. Indeed it does not deserve the instant brush-off it has received from the bulk of City commentators and financial journalists. The latter, having been brought up to believe that the current account as embodied in the trade figures is the barometer of a country's economic health, are too time-bound to see that this is a post-Second World War corruption, with echoes of 17th century mercantilism. The trade balance was never regarded as a barometer by the greatest thinkers of the greatest nations in their greatest periods of prosperity.

Unfortunately, however, none of the official British expositions focuses on the clinching distinction between a private and a Government-generated deficit. This is that private borrowers *cannot, of their own volition, get out of their debts by inflation or devaluation*, whereas governments can.

Left to themselves, private borrowers will eventually come up against a prudential constraint as their debt to income, or debt to assets, ratio rises. This is irrespective of whether their borrowing is to finance investment or consumption. Unlike the Government, they cannot easily "print money".

For this distinction to be valid, there has to be a clear-cut official exchange rate policy. That policy can be something more subtle than an immovable floor and ceiling or a "never devalue" pledge.

But without some explicit sterling policy, there is no safeguard against the Government bailing out private as well as official borrowers by at least the passive toleration of depreciation. Those who suppose that they can defuse the argument between the Prime Minister and the Chancellor over the role of exchange rates by concentrating on domestic savings behaviour, will find that appeasement is not that easy.

* * * *

The key to how long a current payments deficit can be financed lies in the capital account. This is an account to which we all pay lip service, but rarely study in detail, thanks to the impenetrable and non-analytical way the figures are presented in the official statistics.

Stephen Lewis, in one of his last papers for Phillips and Drew, has made an heroic attempt to group and classify the official figures, reproduced here. (The figures for the first half of 1988 are not annualised.)

The first item is simply the published current deficit. The second item, which I have rechristened "long term", consists of direct and portfolio investment in both directions. The third, called "short term", consists of all other identified flows, in which UK bank transactions are the most important item.

The "balancing item", consisting of unidentified inflows, was often the most important single player on the field. However that is allocated, the table does not suggest that the UK current deficit was simply the counterpart of a long-term inflow of capital, as would have been the case in the US at the end of the last century – or even in the early Reagan years.

With the exception of 1987 (when the prospect of a Conservative victory attracted inflows) the picture has been of a long-term capital outflow, which has been financed by short-term funds.

Lewis cannot resist a headline about "Another 1931". His worry is that UK liabilities are becoming ever more short-term than UK assets. The pound is as a result, he states, *vulnerable to a withdrawal of short-term funds*, as in 1931. Britain's strong net creditor position gives no protection against a crisis of illiquidity.

Surely, however, the big difference compared with 1931 is that then the economy was in a slump. The high interest rates which would have been required to maintain the prevailing gold parity of sterling would have been very harmful internally; and the National Government rightly went off gold, despite having been formed on a pledge to maintain the parity.

In the late 1980s the opposite conditions prevail. Domestic inflationary pressures have justified high interest rates. Money has been dear for internal, not external, reasons. (Indeed external pressures have sometimes – as this spring – pointed in the opposite direction.)

Indeed, the *continued* strength of wage pressures and corporate profits suggests that sterling should be nudged upwards a few points more, as a deliberate act of exchange rate management corresponding to an upward realignment within the EMS.

* * * *

But why does the UK need higher interest rates than other countries to dampen an inflationary credit explosion? The answer surely lies in the mortgage market. There is here a whole panoply of policies that boost the demand for mortgages, both for genuine house purchase and for diversion to consumer spending.

We have to look not only at mortgage interest relief, but at the exemption from capital gains of the whole gain on an owner-occupied residence, at tight planning controls which bid up property values in the south east and which then spill over to other areas. Now we have the replacement of rates, which were levied on domestic property, by the poll tax, which subsidises underoccupation instead.

Some of these privileges and distortions exist in other countries. But the UK cannot afford to have them at a time when both demographic and social trends are in any case boosting housing demand and when financial liberalisation has stimulated fierce lending competition between banks, building societies and others.

What was wrong was not financial liberalisation, or the abolition of credit controls, but the failure to accompany the new freedoms with a review of the remaining distortions.

Future historians may regard the overriding of the Chancellor by the Prime Minister on matters to do with the housing market, such as mortgage interest relief against the higher tax rates and the poll tax, as more fundamental than the clash over sterling. Indeed, without the mortgage market distortions, the conflict between sterling and internal counter-inflationary needs might have been very much less acute.

* * * *

But having reached where we are, what is the future of the policy of benign neglect of the current account and the use of interest rates to combat inflation?

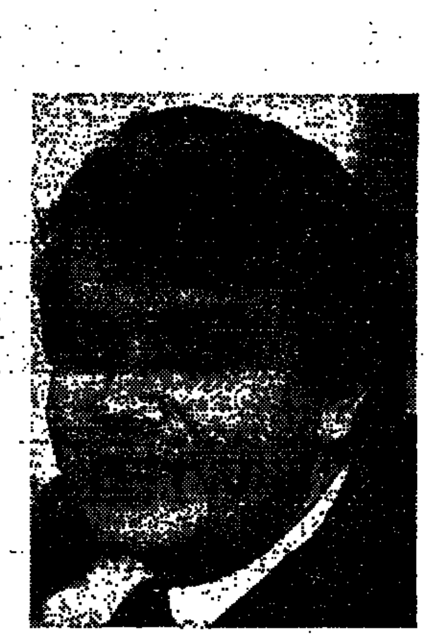
The Chancellor's desired policy could be rationalised as follows. In any market economy there need to be many prices which are market-determined and a handful which are part of the background conditions. The logic of current thinking involves the Government deciding on a range or band for sterling and leaving it to market forces to determine the level of interest rates to validate that range. As interest rates affect domestic demand, and thus the current deficit, the market is thereby left to determine the safe level of that deficit.

Nevertheless, I fear that it will all end in tears – both because of the Prime Minister's opposition to an explicit exchange rate policy and because of her hang-ups over mortgages, rates and housing matters generally – which makes the underlying tensions and difficulties so much greater than they would otherwise be.

UK CAPITAL ACCOUNT

	1986	1987	1988 1st half
Current account	-0.2	-2.5	-6.6
+ Long-term capital	-24.1	7.9	-9.5
+Short-term capital	12.8	3.1	10.2
+Balancing item	14.4	3.5	7.2
[illegible]	2.9	12.0	[illegible]

Source: Stephen Lewis, Phillips and Drew



Sir Terence Burns, chief economic adviser to the Treasury

LOMBARD

A long goodbye in Ulster

By John Lloyd in Belfast

A MAN who can lay as much claim as any individual to having dramatised the demand for civil rights in Northern Ireland 20 years ago will make an important speech to a small group of people tonight. Mr Austin Currie, a founder member of the largely Roman Catholic Social and Democratic Labour Party, will tell a meeting in Belfast that he believes the British Government wishes to withdraw from the province, and will do so if violence ends.

It was 20 years ago yesterday that a civil rights march in Londonderry was met with a tough, even at times brutal, response from the Royal Ulster Constabulary and provided television footage which allowed Northern Ireland to be co-opted into a worldwide mosaic of "liberation" struggles. In the years which have followed, the projectory from Unionist/Loyalist/Protestant domination to its current dislocated state has been bloody. Beneath the confusion and the pain, one consistent theme has been the gradual weakening of the Unionist community's purchase on events.

The Anglo-Irish Agreement has not been the *coup de grâce*, but its point came near the heart. In its involvement of the Irish Government in the affairs of the North and even more in its explicit commitment on the British part to withdraw from Ulster once the province's sentiment for unity slips below 50 per cent, it profoundly shocked the majority when it was introduced – and has since won no allies at all.

Ministers and officials of the Northern Ireland office show *anger when the point is made*. What, they ask, is wrong with a commitment to leave when the majority wish it? Is it not democratic? Just? Fair?

Yes, but it is much more than that. Both partners in a marriage may be prepared to grant a divorce if the other asks for it – but if one says it, says it continually, puts it in writing, the other is wise to wonder why this insistence on freedom of choice.

The more so when that partner makes it clear there is no other reason for the Union than the desire of the other partner to maintain it. That is precisely what Mr Tom King, the Northern Ireland Secretary, did in a Belfast speech last week. He said that the province is part of the UK "by the express desire of a significant majority;" but added: "and not on some special economic or strategic reason as some suggest." He rubbed the point home: the province remains "a substantial recipient from rather than a contributor to the UK exchequer."

Mr Currie noted these words. And he noted something else: Mr King also said that Britain cannot allow terrorism to win, that it merely increased the resolve to resist it. Conventional enough: but seen as code for – if terrorism stops, the resolve will weaken. Indeed, Mr Currie's leader, Mr John Hume put that perspective to the Sinn Fein leader, Mr Gerry Adams, at their controversial series of talks earlier this year. He was rebuffed: the violence continues, at an even higher level.

But that does not affect the conclusion which constitutional nationalists like Mr Currie draw – and which he will present tonight. Without violence, he will say, Britain will not be open to the charge of cutting and running: within a peaceful space, the Unionist majority can be persuaded round, with suitable guarantees, to some sort of union with Dublin.

Twenty years is a long time in which to say goodbye to Ulster Unionism: the goodbye will be longer yet. Mrs Thatcher has probably not thought through the agreement's anti-Unionist logic. Labour has: its recent document on Ulster, incoherent as it is, only makes sense if interpreted as an intention in government to whittle away at the Unionist position till it collapses entirely. Quite a few Tories would not be unhappy with that. Mrs Thatcher has wounded, but may not kill: but after her?

Mr Currie's perception has a solid base: 20 years on, the nationalism which emerged from an apparent coma has achieved much in its expressed will to destroy the Union. But what will it do with the Unionists? And what will they do to preserve their narrow ground?

LETTERS

Why commodity pacts have a real role to play

From Sir Colin Campbell

Sir, I thought your leader ("Why commodity pacts fail", October 4) was rather over sceptical. If one primarily looks at these mechanisms as a means of helping the Third World, then they do have a real role to play.

Up to the first part of the century the mechanism of the weakest going to the wall provided the means of re-establishing a balance of supply and demand when producers of a particular commodity who could not live with low prices retired from the scene. To a large extent this mechanism does not function today because many governments feel they need to subsidise and keep alive by various means activities which provide employment.

In many areas throughout the world economic activities are regulated in what politicians conceive to be the best interests of their countries. The US and EC do it, inter alia, through their agricultural support price mechanisms. Free trade may be the best principle when there is a truly free market and everybody practises it.

In much of the world today this is not acceptable. There is a strong case for the World Bank, on behalf of the world community, running a managed flow of the main commodities. It can arbitrate on quotas, always the most vital point to negotiate, as the essential prerequisite is the acceptance by all that an agreed reduction in volume will be rewarded by a disproportionate improvement in prices.

It is wrong to blame the failure of the tin agreement on the commodity agreement concept. It was much more related to the lack of discipline in the financial arrangements and the lack of supervision of trading on the related markets.

It is certainly a major pitfall that countries involved in commodity agreements tend to be too greedy as far as the price objectives are concerned. Moderation and a strongly cohesive discipline among the countries participating are essential requirements if the mechanism is both to work and to survive.

The Third World debt situation will be improved and world trade will benefit if means can be found to improve the Third World's export earnings so that those countries can afford to import the materials they so badly need for their development.

Sir Colin Campbell,
Kilbryde Castle, Dunblane, Perthshire

From Mr Alec Gordon

Sir, I agree with most of what you say in your leader ("Why commodity pacts fail", October 4) about commodity agreements, but I think it is unfair to call the International Coffee Agreement ineffective; a chart of coffee prices over the past 12 years shows that prices have been much more stable when ICA quota controls have been in operation than at other times.

No doubt this is due partly to the International Coffee Organisation's choice of a target price range "close to the equilibrium at which supply and demand would naturally balance in the medium term" as you recommend; but it must also have something to do with the ICO's constitution – unlike Opec, the ICO includes consumers as well as producers.

This has, of course, added to the difficulty of negotiations – finding a successor to the current ICA when it expires next year will be especially difficult – but the inclusion of all interested parties in the ICO's decisions is also a strength.

Alec Gordon,
The Economist Intelligence Unit, 40 Duke Street, London W1A 1DW

Financial institutions must adjust their perception of Africa

From Mr John Montagu

Sir, Africa's debts are not just critical for Africa; they are the world's problem because the international community largely created them. The world has therefore got to sort them out, as you rightly say in your leader (Africa's debt burden, September 30). I was cheered to read this after attending meetings in New York related to the UN "mid-term review" of its five-year Africa recovery programme – so enthusiastically adopted in 1986 after the Ethiopian and other emergencies in Africa had captured public concern. Over 40 African and "Northern" voluntary agencies represented are trying to influence the outcome of this review.

The official enthusiasm is not all gone. But there is, as you say, a reluctance to grasp the nettle and there is hardly any more money on the table. The Secretary-General's own report points out that aid actually stagnated in 1986-87. Aid has in no way compensated for the outflow of private capital and massive loss of export earnings, let alone debt servicing. The extra compensatory finance for sub-Saharan Africa, now estimated at $5bn by the influential Wass Report, will not make up for the crippling debt which, despite the good intentions of Toronto and Berlin, is still accumulating from commodity price falls which are beyond Africa's control.

Voluntary agencies in Africa are now becoming acutely aware of the importance of these macro-economic issues. They are, not surprisingly, reluctant to be deflected from long-term development – primary health care, agro-forestry – by the growing numbers of vulnerable groups which result from austerity measures devised mainly in Washington and Europe. The gap in understanding between some northern economists and the people on the ground concerning the needs of rural Africa seems as wide as it was over a decade ago when African economies began their decline.

National and international financial institutions should – indeed must – continue to adjust their perception of Africa just as radically as they expect African governments to adjust their policies. The British Government's support for the philosophy of non-government organisations should help it to step aside from rigid economic models. It should back a new UN initiative on commodities and any other measures which help to remove the debt problem once and for all, while strengthening grass roots institutions which enjoy *the confidence of* the African people.

John Montagu,
69 Albert Bridge Road, London SW11 4QE

Gibraltar: reasons for not holding a judicial inquiry

From Mr Martin Russell

Sir, The article by Louis Blom-Cooper QC, ("Avoiding a full judicial inquiry", October 3) deserves some comment from a less purely legal point of view.

The Gibraltar operation was an outstanding success for the British and Spanish Governments and their intelligence services, but Mr Blom-Cooper does not stress this. About 100 lives were saved, and three terrorists, who were planning a mass murder for March 8, were lawfully shot dead for the purpose of protecting the public, the soldiers and the police.

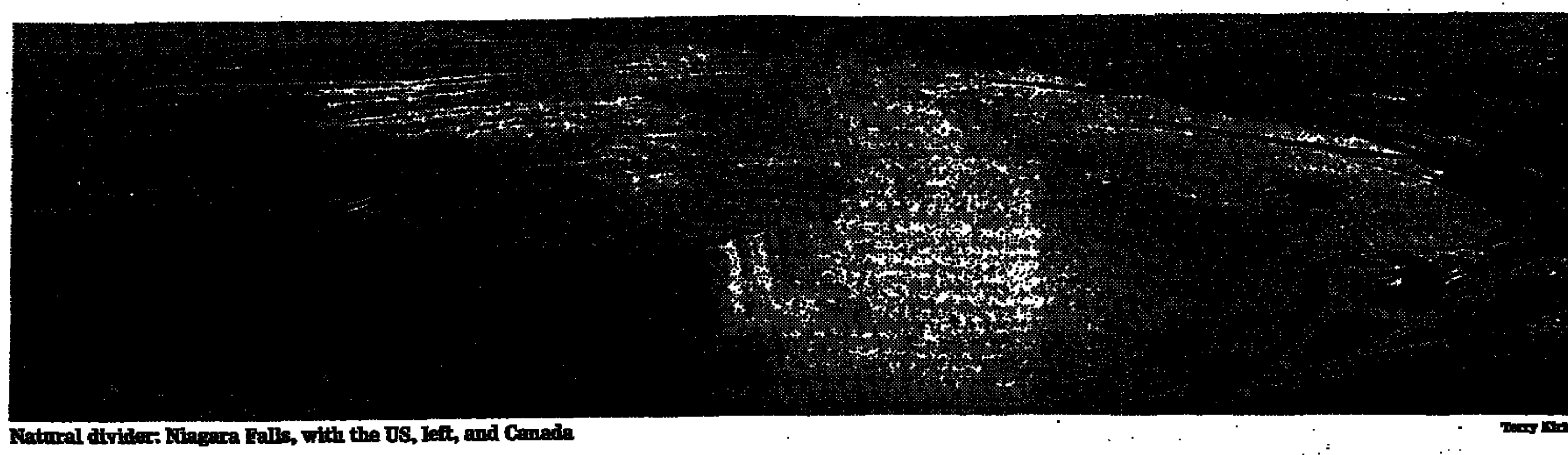
Mr Blom-Cooper writes:

"If there was to be any public scrutiny of those torrid events of March 6, the coroner's inquest in Gibraltar provided the least potentially damaging injury to the Government's point of view. The investigation sealed off any embarrassment there might be from a wider judicial inquiry."

I consider this to be the opposite of the truth. A full judicial inquiry might have established the soundness or even the brilliance of our diplomatic and intelligence operations, but it might also have compromised British and Spanish methods for the prevention of murders and massacres. Indeed, the Spaniards, who have their own terrorist problem, might have refused to co-operate.

Martin Russell,
Dungrove Farm House, Tarrant Gunville, Blandford, Dorset

FINANCIAL TIMES
Thursday October 6 1988



Natural divider: Niagara Falls, with the US, left, and Canada

Terry Kirk

Canadians split over trade pact with US

Election campaign may be most divisive in nation's history, writes David Owen

THE election campaign recently set in motion by Mr Brian Mulroney, the Canadian Prime Minister, promises to be among the hardest-fought and most divisive in the 121 years since Canadian confederation.

It will be hard fought because all three mainstream parties have serious and, they believe, realistic aspirations to the levers of power.

It will be divisive because the campaign's dominant issue – Mr Mulroney's bilateral free trade agreement with the US – remains bitterly opposed by Liberals and New Democrats alike.

The still unratified agreement, which would eliminate virtually all tariffs on trade between the two countries over 10 years, is due to be implemented on January 1.

It completed its passage through the US Congress last month. In Canada, however, its path to the statute books was blocked by the Liberal-controlled Senate's pledge to delay passage of the necessary legislation until after an election.

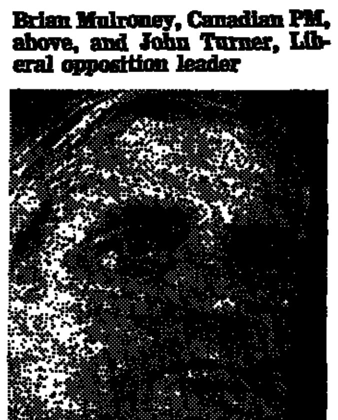
Should Mr Mulroney's Tories secure a second consecutive majority on November 21, the pact's future will be assured.

Under any other scenario, the opposition Liberals would probably join forces with the left-of-centre New Democratic Party (NDP) to kill it – although Mr John Turner, the Liberal leader, favours attempting to negotiate a replacement.

Twice before, in 1891 and 1911, when free trade with the US was the predominant electoral issue, Canadians voted instead to preserve the status quo.

Ironically, on both occasions, the free trade option was proposed by Sir Wilfrid Laurier's Liberals.

The Conservatives say the current pact is essential to Canada's future prosperity. Without it, they say, the country will soon be the only big industrialised power lacking an assured market of at least 100m people and will consequently be doomed to small production runs and economic inefficiency.



Brian Mulroney, Canadian PM, above, and John Turner, Liberal opposition leader

Certainly, as a nation dependent on foreign trade for 30 per cent of its gross domestic product, Canada must pay heed to the threat of increased protectionism, or of being frozen out of a world split into regional trading blocs.

The opposition feels that the price which Mr Mulroney has paid for his deal is too high in terms of Canadian sovereignty.

In any case, they argue, the agreement falls short of obtaining secure access to the US market, since it merely guarantees less capricious application of existing US trade laws.

What lies ahead, then, is essentially a duel between the Tory appeal to material well-being and economic efficiency, and the opposition's call to nationalism. Both are seductive sirens.

Mr Mulroney would certainly be unwise to underestimate the potency of the latter in a country founded on rejection of the American Revolution.

The Conservatives in particular are expected to try to stop the contest degenerating into a mere single-issue referendum.

Mr Mulroney has already rejected opposition demands for a televised debate to be devoted exclusively to free trade.

In a recent speech in Toronto, he laid heavy emphasis on Canada's impressive economic performance under four years of Tory hegemony.

It is a strong card: since 1983, Canada has expanded faster than any other G7 (group of seven industrialised nations) economy.

Mr Mulroney will also seek to highlight the Meech Lake constitutional accord, which promises to bring Quebec into the federal constitution for the first time.

He was congratulated by both opposition party leaders after negotiating the deal, although both have since expressed reservations.

In addition, Mr Mulroney will use both foreign policy achievements – such as Canada's new-found role as a venue for big international conferences – and the Tory commitment to a 15-year arms build-up to refute accusations that he is leading the country down a path to glorified statehood.

(British and French submarine-builders should note that a Tory majority is critical to their hopes of selling Canada a nuclear-propelled submarine design. Both opposition parties would scrap the proposed purchase.)

All parties have also singled out the environment as a key subsidiary issue. The Liberals' 40-point election platform, for example, contains four environment-related pledges.

Other highlights of the Liberal manifesto include pledges to introduce tax relief on mortgages, not to proceed with phase two of the Government's proposed tax reform, and to implement various new social programmes.

Overall, the package appears designed to appeal to middle-class Canadians, women and pensioners.

The party is handicapped, however, by heavy debts and Mr Turner's perceived old-fashionedness. Since losing the 1984 election, Mr Turner has twice survived campaigns to oust him as party leader. His political career is on the line in this contest.

The NDP's most important asset is Mr Ed Broadbent, the party's charismatic leader. As well as opposing the free trade agreement, the party is promising "honest" government, an industrial strategy aimed at reducing Canada's dependence on imported machinery, and lower interest rates. Never having formed a government, it is well-placed to chastise both its rivals for past patronage appointments.

The opposition will also attempt to refocus attention on the Government's poor conflict-of-interest record. This was an important factor behind the Tories' abrupt loss of popularity in the early years of their mandate.

Mr Mulroney has recently managed to improve his personal popularity ratings by projecting a more subdued and statesmanlike image. By endeavouring to revive the "sleaze factor", his opponents would try to reverse this improvement.

While two recent opinion polls suggest the Conservatives are doing better, putting the party's support at 40 and 43 per cent respectively, a second majority will not lightly be achieved. It is a feat which always eluded Mr Pierre Trudeau, the most distinguished of Mr Mulroney's recent predecessors. The last Conservative Prime Minister to achieve it was Sir John Macdonald in 1882.

Mr Mulroney's biggest current problem lies in Ontario, which accounts for more than a third of the seats on offer. The Tories are losing ground too in British Columbia, thanks to guilt by association with Mr William Vander Zalm, the province's beleaguered Social Credit party Premier.

While other regions have proved responsive to the free trade message and a multi-billion dollar litany of spending pledges, Ontario remains recalcitrant in rallying to the Conservative cause.

Simply stated, many Ontarians are sceptical of the benefits of the free trade agreement for their province, fearing it could trigger redundancies at inefficient local branch plants. Their qualms are encouraged by Mr David Peterson, Ontario's Liberal Premier, one of the deal's most prominent critics.

Nor is Mr Mulroney, a Quebecer, a popular figure in the province. Many feel that much of his first-term political agenda was predicated by the need to placate Quebec.

By contrast, the party is strong in energy-rich Alberta – and in traditionally Liberal Quebec. Mr Mulroney's free trade agreement, his fluent French, and the Meech Lake constitutional accord will all serve him well in Canada's only predominantly French-speaking province.

The two states promise to yield the Tories 80-90 of the 148 seats required to form a majority government. This would leave the party needing to win between 30 and 35 per cent of the remaining seats.

THE LEX COLUMN

A madcap casino in Taiwan

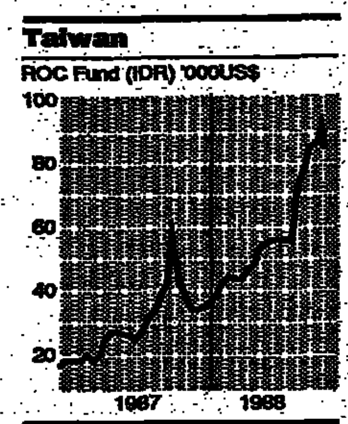
The extraordinary drama of the Taiwan stock market continues. Ten days ago, the market ranked third behind Tokyo and Wall Street in daily turnover; now it is tumbling daily in almost zero volume. At first glance, Taiwan is just another demented casino – ludicrous p/e ratios, insider trading the norm, and cab drivers and housewives crammed in upstairs rooms dealing frantically (and illicitly) on margin.

There is, however, one false note; the market is held together by the world's most advanced computer settlement system, capable of reporting execution in 17 seconds. There is a real manufacturing economy in there somewhere, which must be worth investing in at a price. But the price can no longer be established. The market has been disastrously skewed by the banking and financial sector, whose index – 100 at the start of last year – peaked in August at 2,000. Despite the falls of the last few days, the sector p/e is still around 100; Cathay Life Insurance, with a market value of US$12bn, is on a multiple of well over 200. The manufacturing sector's p/e is a mere 30 or so – surely too high, but not monstrously so for an economy growing by 7 per cent this year with zero inflation.

Not that anyone cares about the fundamentals any more. Local traders argue that their market is like Tokyo's, driven purely by liquidity. But Taiwan lacks the Tokyo market's links with government, its dominance by big brokers and institutions, and its deliberately understated earnings. With luck, a soft landing may be achieved in the form of a healthy correction of 25 per cent or so; the danger lies in margin calls, bounced cheques and defaults. Another week of this could bring a liquidity crisis, not necessarily confined to the stock market.

Al Saudi Banque

Although the world's banking regulators do not like to admit it, one of the rules of thumb of the banking industry is that when a bank runs into trouble, its shareholders can lose a fortune but depositors rarely lose a cent. There have been exceptions, such as the infamous Penn Square Bank in Oklahoma whose losses eventually triggered the run on Continental Illinois, but generally the authorities are so anxious to maintain confidence in the banking system that they have been prepared to bail out



bank depositors whatever the cost.

However, the French authorities have finally been brave enough to challenge this rather cosy idea. As a result of yesterday's agreement to bail out Al Saudi Banque – a small Paris bank which has lost over $300m – many of its customers will lose some of their money. While it would be unthinkable if the Banque de France were to allow depositors in a major French bank to lose their money, their approach to the rescue of Al Saudi Banque should help reassert some market discipline among depositors in small banks at least.

Nevertheless, the rescue is far from satisfactory. The French authorities, who are especially sensitive about Paris's international image as a financial centre after last June's scandal at the stock exchange, are allowing overseas depositors to escape unscathed. It would have been far healthier if they had been forced to pay the same price as domestic depositors.

Investment Trusts

No matter how strongly one feels the world would be a worse place without investment trusts, Lord Young was nevertheless right not to refer the hostile bid for TR Industrial and General to the Monopolies Commission. It may be true that the market in investment trusts is imperfect – there are barriers to entry and unfair differences between the marketing of unit trusts and investment trusts – but the solution is surely to make the market work better, not to refuse to let the third biggest member fall.

The problem centres on the size of the sector's discount to asset value, which both makes it vulnerable to takeover and makes launching major new trusts difficult. The cause of the discount is partly structural, and partly a simple matter of over-supply, which can only be helped by yesterday's removal of TRIG. The structural part is harder to remedy; and despite the fact that investment trusts are ideal for private investors, institutions – many of which are thoroughly disenchanted with the sector – own over 70 per cent of the shares.

Although there is a case for changing the rules on advertising and selling investment trusts, it is possible within the existing rules to get the message over to private investors. Simply by offering intermediaries a 3 per cent placing fee, Glasgow Income Trust recently launched a trust that now trades at a premium – which just goes to show what can be achieved when the competition charges front end fees of over 5 per cent.

H&C

When the City starts claiming that a company has undergone a revolution in management attitudes in a mere 20-odd months – and a fairly revolutionary re-rating to match – it may be time to take a few deep breaths and look again at the fundamentals. On the face of it, at least, Harrisons & Crosfield has little to fear from such an approach: the group is beginning to look much more like a rationally organised conglomerate than a ragtag bunch of fire-sale remnants; and though the market might rate it a bit more highly without its traditional plantation interests, getting rid of them would not necessarily make it a better business.

The luck of the cycle no doubt did its bit for both the plantations and the timber and building supplies divisions in the first half; but profits growth of 43 and 55 per cent respectively cannot be a matter of cyclicality alone. And though it must be possible to envisage a scenario where all four of the group's major divisions bottom out at once, such an apocalyptic scenario would blight the prospects of more than just the likes of Harrisons & Crosfield. The main drawback, from the shareholder's point of view, is that the group's image has moved so swiftly to catch up reality over the past year or so that it is not clear how much further it has to run; with the shares on a prospective p/e of 11, it cannot exactly claim to be grossly misunderstood.

Japanese groups to take stake in new Rolls Royce engines

By Michael Donne, Aerospace Correspondent, in London

JAPANESE aero-engine manufacturers are to take a collective 10 per cent share in the design, development and manufacturing of the family of Rolls-Royce RB-211-524 "big thrust" jet engines, under a Memorandum of Understanding announced yesterday.

The move forms part of a big drive by Rolls-Royce to spread the heavy development costs of the latest version of the 524 series, the new L model which will start at 67,500 lbs thrust and reach more than 75,000 lbs thrust for the bigger and heavier airliners of the future.

Initially, the arrangement covers collaboration between Rolls-Royce and Kawasaki Heavy Industries, but Rolls-Royce is also "close to agreement" with another undisclosed Japanese company, believed to be either Ishikawajima-Harima Heavy Industries or Mitsubishi Heavy Industries.

"Big thrust" engines of the 524L type are also under development by Rolls-Royce's rivals, Pratt & Whitney and General Electric of the US, for wide-bodied airliners such as the Boeing 747-400 Jumbo, McDonnell Douglas MD-11 and bigger versions of the European Airbus and Boeing 767 twin-engined jets.

Such engines are expected to account for up to 50 per cent of the entire world civil aero-engine market over the next 15 years, or some £35bn of the £70bn ($118bn) involved.

The 10 per cent stake to be held by the Japanese companies in the design, development and manufacturing programme on the RB-211-524 series will require them to subscribe their own cash for equipment, tooling, training and materials for production.

Since production and financing arrangements for the earlier versions of the 524 have already been in place for many years, part of the new input will be devoted to help on production of the latest G and H models of 58,000 lbs thrust and upwards which enter service next year, and on the bigger J model of 63,000 lbs thrust for service in 1992. The major effort however, will be devoted to the even bigger L engine itself, due to enter service in 1992-93.

Rolls-Royce will be spending up to £300m on developing the L engine, of which it is hoped about £100m will come from the UK Government through launching aid. Rolls-Royce and its partners are to find the rest.

Apart from making links with the Japanese companies, Rolls-Royce is also looking for other risk-sharing partners on the programme, including subcontractors and suppliers in the UK aerospace equipment and components industry.

Rolls-Royce already has long-standing connections with all the three major Japanese aero-engine companies.

The latter are all partners in the Japanese Aero Engines Corporation which, along with Rolls-Royce, Pratt & Whitney, Fiat Aviazione and Motoren und Turbinen Union, is a member of the International Aero Engines consortium that is building the V-2500 engine for the European A-320 Airbus.

In addition, Rolls-Royce has existing manufacturing agreements with Kawasaki and Ishikawajima-Harima on the Orpheus, Adour and earlier RB-211 engines, and with Kawasaki on industrial and marine engines.

EC carmakers hold part supply licences

By William Dawkins in Brussels

THE EUROPEAN Court of Justice yesterday backed Renault and Volvo by ruling that the French and Swedish carmakers had the right to refuse licences to independent component producers wishing to supply their parts, so long as they did not abuse this power.

The ruling confirms that members of the fast-expanding independent car components industry – from quick exhaust fitters to body panel suppliers – must not infringe carmakers design copyrights for the parts concerned, even if they believe that the makers have acted unreasonably in refusing a licence for the supply of the part.

The ruling was a defeat for the European Commission, which had supported claims by independent body panel producers who contended that Volvo and Renault should be obliged to issue panel-making licences if offered reasonable royalties.

However, the decision gives legal EC backing for the British practice, which was laid out six years ago in a landmark ruling by the High Court that an independent components company had to respect the copyrights of British Leyland, as the Rover Group was then called.

However, the European Court warned that the car makers could only retain exclusive design rights on condition that they did not abuse their positions.

Any refusal by the carmakers to supply spares to independent car makers, the fixing of unfairly high prices or the stopping of spares production for cars which are still in circulation would be considered illegal practices, the court ruled.

The European legal battle began when a British body panel producer began supplying Volvo front wings without the consent of the Swedish carmaker. Volvo sought redress in the High Court, which then referred the case to Luxembourg.

Renault launched a similar case against an Italian company which was also referred to the European court for advice.

It is now up to the national courts to embody Luxembourg's ruling in their own final judgments.

WORLD WEATHER

City		°C	°F	City		°C	°F	City		°C	°F	City		°C	°F
Ajaccio	[illegible]	[illegible]	[illegible]	Dubrovnik	[illegible]	[illegible]	[illegible]	Malta	[illegible]	[illegible]	[illegible]	Rhodes	[illegible]	[illegible]	[illegible]
Algiers	[illegible]	[illegible]	[illegible]	Edinburgh	[illegible]	[illegible]	[illegible]	Manchester	[illegible]	[illegible]	[illegible]	Rio de Ja	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	Faro	[illegible]	[illegible]	[illegible]	Melbourne	[illegible]	[illegible]	[illegible]	Rome	[illegible]	[illegible]	[illegible]
Athens	[illegible]	[illegible]	[illegible]	Florence	[illegible]	[illegible]	[illegible]	Mexico City	[illegible]	[illegible]	[illegible]	Salzburg	[illegible]	[illegible]	[illegible]
Bahrain	[illegible]	[illegible]	[illegible]	Frankfurt	[illegible]	[illegible]	[illegible]	Miami	[illegible]	[illegible]	[illegible]	San Francisco	[illegible]	[illegible]	[illegible]
Barcelona	[illegible]	[illegible]	[illegible]	Funchal	[illegible]	[illegible]	[illegible]	Milan	[illegible]	[illegible]	[illegible]	Seoul	[illegible]	[illegible]	[illegible]
Beijing	[illegible]	[illegible]	[illegible]	Geneva	[illegible]	[illegible]	[illegible]	Montreal	[illegible]	[illegible]	[illegible]	Singapore	[illegible]	[illegible]	[illegible]
Belfast	[illegible]	[illegible]	[illegible]	Gibraltar	[illegible]	[illegible]	[illegible]	Moscow	[illegible]	[illegible]	[illegible]	Stockholm	[illegible]	[illegible]	[illegible]
Belgrade	[illegible]	[illegible]	[illegible]	Glasgow	[illegible]	[illegible]	[illegible]	Munich	[illegible]	[illegible]	[illegible]	Strasbourg	[illegible]	[illegible]	[illegible]
Berlin	[illegible]	[illegible]	[illegible]	Guernsey	[illegible]	[illegible]	[illegible]	Nairobi	[illegible]	[illegible]	[illegible]	Sydney	[illegible]	[illegible]	[illegible]
Biarritz	[illegible]	[illegible]	[illegible]	Helsinki	[illegible]	[illegible]	[illegible]	Naples	[illegible]	[illegible]	[illegible]	Tangier	[illegible]	[illegible]	[illegible]
Birmingham	[illegible]	[illegible]	[illegible]	H. Kong	[illegible]	[illegible]	[illegible]	Nassau	[illegible]	[illegible]	[illegible]	Tel Aviv	[illegible]	[illegible]	[illegible]
Blackpool	[illegible]	[illegible]	[illegible]	Innsbruck	[illegible]	[illegible]	[illegible]	New Delhi	[illegible]	[illegible]	[illegible]	Tenerife	[illegible]	[illegible]	[illegible]
Bordeaux	[illegible]	[illegible]	[illegible]	Inverness	[illegible]	[illegible]	[illegible]	New York	[illegible]	[illegible]	[illegible]	Tokyo	[illegible]	[illegible]	[illegible]
Boulogne	[illegible]	[illegible]	[illegible]	I.o.Man	[illegible]	[illegible]	[illegible]	Nice	[illegible]	[illegible]	[illegible]	Toronto	[illegible]	[illegible]	[illegible]
Bristol	[illegible]	[illegible]	[illegible]	Istanbul	[illegible]	[illegible]	[illegible]	Nicosia	[illegible]	[illegible]	[illegible]	Tunis	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	Jersey	[illegible]	[illegible]	[illegible]	Oporto	[illegible]	[illegible]	[illegible]	Valencia	[illegible]	[illegible]	[illegible]
Budapest	[illegible]	[illegible]	[illegible]	Karachi	[illegible]	[illegible]	[illegible]	Oslo	[illegible]	[illegible]	[illegible]	Venice	[illegible]	[illegible]	[illegible]
B. Aires	[illegible]	[illegible]	[illegible]	L. Palmas	[illegible]	[illegible]	[illegible]	Paris	[illegible]	[illegible]	[illegible]	Vienna	[illegible]	[illegible]	[illegible]
Cairo	[illegible]	[illegible]	[illegible]	Lisbon	[illegible]	[illegible]	[illegible]	Perth	[illegible]	[illegible]	[illegible]	Warsaw	[illegible]	[illegible]	[illegible]
Cape Town	[illegible]	[illegible]	[illegible]	Locarno	[illegible]	[illegible]	[illegible]	Prague	[illegible]	[illegible]	[illegible]	Washington	[illegible]	[illegible]	[illegible]
Casablanca	[illegible]	[illegible]	[illegible]	London	[illegible]	[illegible]	[illegible]	Reykjavik	[illegible]	[illegible]	[illegible]	Wellington	[illegible]	[illegible]	[illegible]
Chicago	[illegible]	[illegible]	[illegible]	Los Angeles	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Zurich	[illegible]	[illegible]	[illegible]
Cologne	[illegible]	[illegible]	[illegible]	Luxembourg	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
Copenhagen	[illegible]	[illegible]	[illegible]	Madrid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
Corfu	[illegible]	[illegible]	[illegible]	Majorca	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
Dublin	[illegible]	[illegible]	[illegible]	Malaga	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Fiat and Chrysler

Continued from Page 1

name the distributor. Little has been heard since then.

Although Fiat declined to comment yesterday on which models a Chrysler deal might concern, it is believed that the talks focus on the sale in the US of the Alfa 164 high-performance model that was launched in Italy late last year.

Fiat's links with Chrysler include the supply of aluminium cylinder heads by Teksid, a Fiat subsidiary which has a plant in Tennessee.

Continued from Page 1

on the basis of scientific and technological progress.

"But the main thing, perhaps, is a restructuring (perestroika) of property relations – overcoming . . . the alienation of man from social property."

He said that lease-contracting – renting out state-owned production facilities to co-operatives or groups of workers – could equally well be applied to heavy industry as well as small enterprises.

He added: "Socialism must create a political system that takes account of the real structure of society, the variety of interests and strivings of all social groups."

That meant democratisation of the ruling party – but it does not mean "artificially setting up other parties as opposition."

That course, Mr Medvedev said, was "senseless," for the reformed Communist Party was open not only to internal debate, but also to discussion "on any issue of concern to society – to the non-party masses."

ACCOUNTANCY COLUMN

Companies look for ways to cut the auditing bill

By Richard Waters

"AUDITING isn't very exciting to write or read about." It isn't only non-auditors who think this: the quote is from Mr Ed Kangas, chairman of accountancy firm Touche Ross in the US. But boring or not, auditing is big business, and companies alert to the market can achieve substantial savings.

Take Unilever and Imperial Chemical Industries: each knocked £1m off its audit bill in its last financial year. Both started out with two auditors and reduced this to one, allowing the existing firms to pitch for the business. The combination of the rationalisation (one auditor is cheaper than two) and the competitive element of the beauty parade ate deep into costs. For many smaller companies there are less substantial but still significant savings to be made by putting the audit out to tender.

This does not mean, though, that accountants do not make money out of auditing. It has become accepted as fact in recent years that they use auditing as a loss leader to get extra work for other parts of their business – tax or management consultancy – and so are prepared to take a loss in return for lucrative advisory work.

That picture, which was never true of the audit market as a whole, is now less true than ever. Unfortunately accountancy firms, though big businesses in their own right, are exempt as partnerships from publishing details of their profits: clients and others have little chance of establishing just how profitable (or otherwise) they are.

For several reasons, auditing remains an attractive market. And that should make companies more aware of how much they are paying for this service.

For a start, there are inefficiencies in the way companies buy their audit. Much has been written about the use of beauty parades to bring down the cost of audits. In reality, such tenders are few and far between: most companies have not changed their auditors for years.

The table shows the audit fees of some large companies which have changed auditors recently. In several cases, the fees are lower under the new auditor – even though the salary bills of accounting firms have been spiralling as demand for accountants has increased, and the new auditor has had to invest extra hours learning the business of its new client. The examples in this table should be treated with caution, though: reorganisation or other events at some companies mean that the figures are not always strictly comparable.

To the relief of auditors, beauty parades do not happen too often. The table is not exhaustive but contains most of the significant audits to change hands in competitive tenders recently.

Also, many companies are becoming less concerned with fees and more with quality, Mr Michael Cook, US-based chairman of Deloitte Haskins & Sells, says: "The pendulum has swung back. It was over on the fee side. It's now swing back to the quality side." In such circumstances, firms such as Deloitte see a positive marketing advantage in boasting of the fact that they have received fewer large writs for negligence than other prominent audit firms.

A second reason that auditing remains profitable is that accountants, spurred on by competition, have steadily been increasing their productivity. Mr Cook reckons that the time spent on the average audit has been reduced by 15 to 20 per cent in the past five years. This has resulted from an approach, adopted by all firms, of focusing only on what are considered the risky parts of a business, rather than checking all of it. This cuts down effort without sacrificing quality, claim the auditors.

This has coincided with automation which has both increased efficiency and improved quality. In the past, the quality of the assurance given to readers of accounts by an audit report has been too variable. The large number of legal actions (but fewer cases of awards) against accountants in part testifies to this. More importantly, senior accountants admit that subjective judgment plays too large a part in the audit process.

According to a senior US accountant: "Unaided human judgments have a high degree of variability. You would not be impressed with an automobile manufacturer with that level of variability in the automobiles coming off the production line."

The gradual automation of auditing should go some way towards eliminating this inconsistency. Computer power will replace some of the expensive (and inconsistent) human brain power.

Several audit firms have also improved their profitability by weeding out partners who contribute little, but dilute the earnings of colleagues. Touche Ross in the US had 860 partners in 1985 but began this year with 825. Did it sack some? "That's too strong a term," says Mr Kangas. "I'll give you a different version. We did discuss and encourage some of our partners to leave, and we helped them to do that."

By getting rid of partners, or growing them less fast than their total staff, accountancy firms benefit from greater leverage – say, 10 accountants to every partner instead of eight – which improves partners' earnings.

A third reason for the continuing profitability of auditing is that all accounting firms have been busy making the audit something clients would be happy to pay more for, rather than something they begrudge paying for at all. What used to be seen as the the by-product of an audit, the letter to managers outlining possible improvements to a company's systems, is becoming the focal point.

It is intriguing, though, that all accounting firms are following the same strategy: increase the value of an audit and increase fees. With at least eight internationally recognised names, isn't it surprising that none has adopted an alternative approach: a low-cost, no-frills, but still highly reliable service? Many management teams would surely appreciate this.

The truth of the matter is that competition has done much to break up the comfortable existences of accountants this decade, but not as much as breaking their professional monopoly would have done.

Imagine, for instance, allowing a bank into the audit market. What would it see? A substantial market (worth about £1bn a year in the UK alone) for a commodity product which is becoming increasingly automated and which offers substantial returns for the producer with low unit costs. And every existing player in that market has picked exactly the same strategy, with no one out to offer a cheap, no-frills service. Real competition is unlikely until outsiders are allowed to carry out audits, or at the very least own substantial stakes in auditing firms.

EFFECT ON FEES OF CHANGING AUDITORS

Company	Audit fee (£000s) 1986	1987	New auditor
Unilever	6,000	5,000	Coopers & Lybrand
ICI	4,800	3,800	Peat Marwick McLintock
Reed International	1,800	1,700	Price Waterhouse
Glaxo	900	1,000	Coopers & Lybrand
Cadbury Schweppes	1,000	900	Arthur Andersen/ Coopers & Lybrand
Electricity Council	754	820	Price Waterhouse
Redland	700	800	Price Waterhouse
Dixons	360	500	Touche Ross
Chloride	480	400	Arthur Andersen

ACCOUNTANCY APPOINTMENTS

Senior Finance Executive

West End

£40,000 plus excellent benefits

Our client owns some of the most prestigious and fastest growing products in the fragrance market. Now a wholly-owned subsidiary of a large US multinational, they wish to appoint a Senior Finance Executive to control and develop their financial and operational management.

Based in the West End, and reporting to the General Manager, you will have the responsibility for integrating this fast moving, high growth business into the parent's financial management structure. Experience of supply chain management and agency distribution will be essential, as will extensive international exposure, familiarity with US management reporting techniques and GAAP. Demonstrable success in a high unit value fmcg market with responsibilities for international planning, tax and treasury are also required.

You are likely to be in your thirties, certainly professionally qualified as an accountant, ideally with an MBA. You must have excellent management and communication skills in order to fill this pro-active business role.

In addition to the excellent salary and benefits package, this position offers the opportunity to grow your career with a highly successful international organisation.

Candidates should apply, in strict confidence, to Charles Vallee, quoting reference 5148/FTB on both envelope and letter, giving full details of education and qualifications, salary and career progression.

Deloitte Haskins+Sells

Management Consultancy Division

P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

Opportunities in Financial Services

Our client, a substantial, broadly based Financial Services Group employing more than 1,700 people, is well known for its innovation, energy and purpose. *As a result of recent rapid growth, two new positions have been created,* based in the Group's central London headquarters.

Management Accountant
c.£27,500 + Car

Reporting to the Financial Controller, you will provide a full management accounting service to a major division within the Group. This will encompass preparation of management accounts, including variance and margin analysis, reviewing the impact of changes in the product portfolio, and improving the quality of management information.

You will be a qualified accountant, aged 28-34, preferably with a financial services background, although this is not essential. You should possess well developed analytical and communication skills, have hands on computer experience and be keen to make a major contribution to the continued development of the business. Ref:267.

Financial Accountant
c.£25,000 + Car

Reporting to the Head Office Accountant and deputising in his absence, you will be responsible for the day to day accounting for all operating companies, managing an accounts staff of 12, and maintaining efficient and effective controls over all functions within the department. In addition you will be involved in group consolidations, systems implementation and numerous ad hoc tasks. This position should be regarded as a springboard for further advancement within the Group.

Aged 25+, you should have two years post qualification experience, have a working knowledge of computers and possess good accounting, communication and staff management skills. Ref: 271.

If you feel you have the qualities sought for either of these opportunities, please write enclosing a *comprehensive Curriculum Vitae, and quoting* the appropriate reference to Barry Oller, BA, ACA, 295 Regent Street, London W1R 8JH. Tel: 01-637 8736.

Whitehead Rice

MANAGEMENT SELECTION

Group Financial Controller

Excellent Career Potential

c £35,000 + car + benefits
Hertfordshire

With media interests throughout the UK, our client has experienced significant growth in both turnover and profitability. In order to maintain their position as a market leader, further growth through acquisition is planned.

Following an internal promotion, there is a need to recruit a commercially minded financial executive, who will report to the UK Group Finance Director. This role encompasses far more than a standard group controller's duties. Particular emphasis will be on analysis, planning and acquisitions and liaison with subsidiary management on performance and future plans.

Applicants, aged in their early 30's, should be qualified accountants with sound experience in financial functions including planning, ideally in a multi-site environment. Self confidence and a commanding presence are essential in order to liaise successfully with senior management throughout the UK.

Benefits will reflect the importance of this position and there will be excellent opportunities for progression into a line or general management role. Level of compensation will not be a restricting factor for the right candidate.

We wish to discuss potential candidates with our client, therefore please list any organisation to whom your details should not be released. Applications quoting reference MCS/9005 should be sent to Susan Ryder. Alternatively, you may contact her on 01-378 7200

Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

INTERNATIONAL TAX AND TRUST ADVISERS

With opportunity for Profit & Equity Participation

An exceptional business and career opportunity is open for outstanding individuals to join the Private Capital Group, the personal financial management specialists within the Scandinavian Bank Group.

Candidates are sought to make up a unique team which, comprising UK and International tax and trust expertise, will specialise in supporting the proprietors and senior management of major UK and International enterprises, through independent and innovative fiscal and financial advice.

The candidates will be qualified accountants and lawyers, with at least ten years' professional experience with one of the leading firms of solicitors or accountants. They will have an established reputation and proven expertise in UK and International tax and trust advice, and will be in a position to make a fundamental contribution to the growth and success of the operation from the outset.

Particularly, they will be keen to fulfil a strong personal entrepreneurial aspiration in forming and running their own business with the Private Capital Group as a shareholder and partner.

For an initial discussion on this appointment, suitably qualified candidates should telephone Geoffrey Ritchie, Personnel Adviser on (01) 929 5252 or write to him at the address below.

The Private Capital Group, 8 Hill Street, Mayfair, London W1X 7FU. Tel: (01) 408 2297

APPOINTMENTS ADVERTISING

For further information call 01-248 8000

Candida Raymond ext 3351

Deirdre Venables ext 4177

Paul Maraviglia ext 4676

Elizabeth Rowan ext 3456

Patrick Williams ext 3694

Management Accountant

c £25,000 + Car **S W Her**

This is an important opportunity for an innovative and lively minded ACMA to worl business where there are real opportunities to use one's initiative and to be instrum in driving forward the financial performance of the company.

The organisation is an autonomous and successful £30m subsidiary of a r UK services group which has developed a distinctive market presence by effec combining marketing and management skills to exploit and reinforce the strengt operations.

The Management Accountant will be a prime mover in developing sophisti management information systems and reporting requirements to support eff decision making. Reporting to the Finance Director, responsibilities will also ir improving cost centre efficiency and related information requirements; advc *inter-departmental reporting techniques;* undertaking a variety of key manag projects and assignments; and assisting in the preparation and presentation of m management accounts.

Applicants should be able to demonstrate sound technical skills anc developed commercial acumen. Relevant previous experience is important, ic gained in a dynamic commercial environment. Initiative and enthusiasm are essent. addition to the interpersonal skills and professionalism to be of influence at Bc level. The successful candidate will probably be in the 25-33 age group.

Please reply in confidence quoting Ref: E138 to:

Adrian Edgell
Mason & Nurse Associates
5a Station Road, Egham
Surrey TW20 9LD. Tel: 0784 71255

Offices in London Birmingham and Egham.

Mason & Nurse
Selection & Search

FINANCE MANAGER

NORTHANTS

MID/LATE 20's

£22,000 + CAR AND EXCEPTIONAL BENEFITS

Volvo Concessionaires is an important and highly successful subsidiary of Lex Service plc, the £1 billion automotive and electronics distribution group.

As a result of promotion, the opportunity has arisen to join a young management team at the company's parts centre at Crick, Northamptonshire. This is an expanding £100 million business which has a high reputation within the company not only because of its profit contribution but also because of the level of service and support which it provides to the dealership network.

As the senior finance person within the business, the Finance Manager's role is to contribute to the decision-making process by refining systems, developing forecasts and analysing results in concert with marketing and operational management.

The job is therefore very wide-ranging and calls for a strong commercial bias and good inter-personal skills. These qualities and a recognised accounting qualification are more important than directly relevant experience.

Benefits include a non-contributory pension scheme, private medical insurance, 28 days annual holiday plus relocation if appropriate.

Write or telephone for an application form or send full details (with daytime telephone number and current salary) to our adviser, R. A. Phillips, ACIS, FCII, Phillips & Carpenter, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours). Please quote Ref: 1664/FT.

VOLVO

Finance Director

MANAGEMENT BUY-OUT
£40,000 + CAR + EQUITY PARTICIPATION

With substantial institutional backing, our clients, based in Northamptonshire, have recently completed their management buy-out of this £25 million manufacturer of computer sub-systems, sold through subsidiary companies to the defence and industrial sectors in the UK, USA and Europe. The aim is to obtain a Stock Exchange quotation in the medium term.

As one of the executive members of the Board, you will make a vigorous contribution to both the commercial and the financial direction of the company at a vital time in its development. An early task will be to assess and adapt the financial systems needed to support management decision-making.

A qualified accountant, probably in your late thirties, you must have a strongly commercial outlook and the stature and personal skills to win acceptance for your ideas. Experience in management information and integrated financial systems gained at a senior level in a manufacturing environment is essential, together with foreign exchange management and contract costing and negotiation. Knowledge of US business practice would be an advantage.

This is an exciting opportunity to be instrumental in the development of a venture where the reward for success will be substantial capital growth. There is, in addition, a generous package of benefits.

Résumés, including daytime telephone number, to Chris Haworth, quoting reference CH888, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ.

Executive Resourcing **Coopers & Lybrand**

Corporate Controller

Windsor to £30,000 + car

Siebe plc has an impressive record of growth. This well-known multinational has expanded by following a proven strategy in advanced mechanical and electronic engineering and in personal protection and safety product activities. Group turnover is now in excess of £1 billion.

The corporate finance team now wishes to recruit a chartered accountant to control the financial information of a major division within the Group. The role will entail monitoring and reviewing the operation and financial performance of the subsidiaries both in the UK and overseas and ensuring conformance to corporate targets and standards. You will interface with management at all levels which necessitates an astute commercial understanding of the business and good communication skills. There will be some international travel.

Aged in your 30s, you will have gained financial sharp-end management experience, ideally within a multinational environment. You should thrive on the challenge of working in a highly pressurised, demanding environment. A degree in engineering would be useful, but is not essential.

To apply, please send cv, indicating current salary to Fiona McMillan, Ref: 2656/FM/FT.

PA Personnel Services

Executive Recruitment · Human Resource Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

Vymura INTERNATIONAL

FINANCE CONTROLLER

North West £'000 Very Attractive

An exciting and challenging opportunity has been created at Vymura International, the leading brand name in wallcoverings, preparatory to further growth both in the UK and overseas markets. The Finance Controller will be a key appointment and will provide a focus for Vymura International's financial activities. In responding to the Managing Director, the Finance Controller will play an important role in developing the strategies for growth and in interpreting the financial information upon which these strategies will be based.

Applicants should be Chartered Accountants and will have achieved success in a manufacturing organisation with a retail customer orientation. Demonstrating a disciplined, highly professional approach, the successful candidate must be able to gain immediate credibility and bring an authoritative and persuasive financial viewpoint to the management team. Salary, benefits and opportunities are excellent reflecting the importance of this post. If your experience and aspirations match this challenging role, please send a comprehensive C.V. to P.C. Evans (ref FC/21).

KPMG Peat Marwick McLintock

Executive Selection and Search
7 Tib Lane, Manchester M2 6DS

DIRECTOR OF FINANCE & INFORMATION

c. £32,000 + Car + Bens
Central London

Expanding Venture Capital Group

Our Client is a young Venture Capital Group with a £30 million investment portfolio and a strategy built on the conviction that strength comes from a balanced and diverse range of investments.

Reporting to the Managing Director you will be responsible for the management, control and planning of the internal financial affairs and management information requirement of the Group. The immediate objective will be the development of a comprehensive computer-based management information system. This is viewed as a significant appointment to help manage and develop the company's growth.

Candidates, aged late-twenties to early-thirties, should be qualified Accountants with experience of developing and installing computer based management information systems. Candidates should also possess both the ability and commitment to enable them to contribute actively to the senior management team. In addition to a generous base salary and car the benefits package is extensive and includes BUPA, Life Assurance, Non-contributory Pension Scheme and Membership of a City Sports Club.

Please apply directly to Richard Carter at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545, evenings 0344 885911, Fax: 01-836 4942.

Financial Recruitment Specialists
London · Birmingham · Windsor · Manchester

ROBERT HALF

Group Chief Accountant

Aged 25-30

AIRSHIP INDUSTRIES

West London — to £30,000 + Car

Airship Industries is the world's leading designer, manufacturer and operator of airships, with operations spanning 3 continents. The Group, which is 48% owned by The Bond Corporation, is experiencing strong growth across each segment of its business, including a substantial element of a $169m contract with the U.S. Navy to develop a prototype airship for fleet airborne early warning. This overall growth makes the future development of the group very exciting.

A Group Chief Accountant is required whose responsibilities will encompass group accounting, reporting and treasury management. Duties will include the reporting of consolidated management and statutory accounts, compliance, cash and currency management, monitoring facilities, hedging, audit and tax liaison, involvement in acquisitions and other ad hoc assignments.

This is an exceptional opportunity for a talented and highly motivated young qualified accountant, with strong technical and interpersonal skills who is keen to develop in a high profile international group.

If you think you can meet the challenge, please write enclosing a comprehensive Curriculum Vitae and daytime telephone number quoting Ref: 272 to Barry Offer, BA, ACA, Whitehead Rice, 295 Regent Street, London W1R 8JH. Tel: 01-637 8736.

Whitehead Rice

MANAGEMENT SELECTION

Financial Director

(Designate)

South Coast

£30-35,000
plus profit share & car

Our client is a highly successful group of companies with an enviable record of sustained growth and profitability. Sales are approaching £20m and accelerating fast in a market with huge potential.

The Financial Director (Designate) will be a key figure in the group's ambitious plans. Reliable and up-to-the-minute accounting support will be critical and you will work closely with the Chairman on the overall development of the group. There is also the prospect of a USM flotation in a few years' time.

Applicants must be Qualified Accountants, aged around 35, with broad based experience, including cash management, gained in a medium sized, fast moving and expanding business. Computer-based systems experience is essential, ideally including fully integrated order processing.

The remuneration package offered will fully reflect the importance of this position, which calls for commercial awareness and the ability to contribute to the group's growth and prosperity. For the right person a Board appointment should follow after about six months.

Please send your curriculum vitae, including current salary and daytime telephone number, quoting reference H2041 to W.S. Gilliland, Grant Thornton Management Consultants Limited, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.

Grant Thornton
Management Consultants
OFFICIAL SPONSOR OF THE 1988 BRITISH OLYMPIC TEAM

FINANCE DIRECTOR

Surrey/Hants borders

to £40,000 + car + share options

Continuing expansion — both turnover and profits have been consistently increasing at around 30% a year — has created the need for this new appointment in a business which is the leader in its field. The group provides a range of marketing services to blue chip clients, the majority of whom are in growth sectors such as financial services, communications, publishing, retailing and leisure. Profits are largely ploughed back into the development of new products and there is a substantial investment in advanced information technology systems.

Joining a team of highly committed executives in their late thirties, the Finance Director will be expected to improve the quality of financial advice provided to the board. Reporting to, and working closely with, the Chairman, the successful candidate will manage a small but efficient accounts department which produces sophisticated management information and exercises tight financial controls.

Applicants, preferably in their thirties, should be qualified accountants with relevant experience in a similar type and size of business. Essential personal qualities are flexibility, commitment, an understanding of marketing concepts and the ability to represent the group in the City and with professional advisers.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting reference: 2973 to Graham Perkins, Executive Selection Division.

Touche Ross

Thavies Inn House, 3/4 Holborn Circus, London EC1N 2HB.
Telephone: 01-353 7361.

£30,000

Top Audit, Tax and Corporate Finance posts are available in small to medium sized firms in Central London.

Please contact David Paton, Search & Selection Division, Hynes Associates Ltd., Wells House, I.B.C., 77-79 Wells Street, London, W.1.

Tel: 01-580 5522

Group Financial Accountant

S. Midlands — c£27k + F.E. Car + Bens.

Located in attractive countryside in the South Midlands, our client is responsible for the Central Finance function of a market leader in the retail industry. The Company, which is part of an international blue chip Group, is at the beginning of a growth programme which aims to increase the business dramatically within the next few years.

As a result of internal promotion, and a reorganisation designed to manage the expansion of the Company, an exceptional opportunity has arisen for a high calibre accountant to take on the role of Group Financial Accountant. This key position will have responsibility for the production and control of the Group's monthly and statutory accounts, as well as having responsibility for all taxation matters and maintaining a close relationship with external auditors. The Group Financial Accountant's role is an integral part of the management team and as such will be expected to contribute towards overall strategic planning.

The successful candidate will be a graduate qualified accountant, probably aged 28-35, who will have a proven track record of achievement within public practice/industry. A working knowledge of computers is essential, along with strong interpersonal skills and commercial acumen.

Interested candidates should write to:
Tony Hodgins ACA, Executive Division,
enclosing a comprehensive CV at
Michael Page Finance, Bennetts Court,
6 Bennetts Hill, Birmingham B2 5ST.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

FINANCE DIRECTOR

Royal Worcester Spode

Worcester — c.£35k + Bonus

Following a promotion, a Finance Director is sought to join the Board of Royal Worcester Spode Limited.

The Company, whose Royal Worcester and Spode brands have a unique position and reputation in world markets, employs 2000 people and is involved in the manufacture of top quality products which it markets and retails on an international basis. Under new ownership the Company has ambitious plans to develop its business worldwide and the Finance Director will be fully involved in both the formulation of strategy and the monitoring of performance.

Candidates must be qualified accountants, probably in their 30's with at least 2 years experience in a medium sized business as Finance Director or as Controller in a larger organization.

They must have a proven track record in a demanding environment, and the personal qualities and managerial skills necessary for this key appointment will be at the highest level.

The remuneration package, which includes a significant performance-related bonus, is unlikely to be a limiting factor for the right candidate.

Please reply in confidence, to Tony Marx, Bull Thompson and Associates Ltd., 8th Floor, Tricorn House, 51-53 Hagley Road, Edgbaston, Birmingham B16 8TP.

Bull Thompson

CORPORATE AND RECRUITMENT CONSULTANTS

Project Accountant

Surrey
Package c.£30,000

Our client, Alphameric plc, is a dynamic Group engaged in the manufacture and supply of high quality custom-made computer products. Already enjoying a phenomenal growth rate the Group is keenly committed to a policy of further expansion both organically and by acquisition.

Reporting to the Group Financial Controller, key responsibilities in this autonomous role will involve the development and streamlining of management information throughout the Group. The position will include some overseas travel, particularly to Southern France.

Candidates should preferably be qualified accountants in their late twenties, ideally with practical experience of company systems and procedures and a reasonable knowledge of French. They should be able to demonstrate a mature, confident personality and, in particular, the ability to liaise effectively with senior management.

Please apply to Anthony Jones, Career Plan Ltd.,
33 John's Mews, London WC1N 2NS,
tel: 01-242 5775 or 01-348 3641
between 7.30pm and 9.30pm.
(Office Fax. No. 01-831 7623.)

Career plan LIMITED

Personnel Consultants

UK Life

Chief Accountant

West Sussex — c.£25,000 + car

We are a growing Life Assurance and Unit Trust group with our head office in Horsham. As a subsidiary of NZI Corporation, which is controlled by the General Accident Group, our plans include significant growth in the next few years to establish us as an important force in the British financial services marketplace.

The new position of Chief Accountant has been created to further build our senior team. It will involve managing a small department, which is responsible for all aspects of the group's accounting functions, and offers considerable scope to a qualified accountant who is looking for a broad-ranging brief where personal contributions and achievement through managing others are acknowledged and well rewarded.

Previous experience in our industry would be desirable, although not essential. However, ambition and a high level of all-round competence are prerequisites.

The remuneration package will include a salary of around £25,000, plus a fully expensed car, and other financial company benefits including, if appropriate, relocation assistance.

Please write, enclosing a full c.v., to:

Derek Holtham
Finance Director and Actuary
UK Life Management Limited
UK House, Worthing Road, Horsham, West Sussex, RH12 1SL
Telephone: (0403) 40033

EUROPEAN CHIEF ACCOUNTANT

Amsterdam

Guilder equivalent circa $60k + car

Our client, a US multi national organization, has recently made significant trading acquisitions within Europe and Africa and as a result the European head office is relocating near Amsterdam.

Reporting to the European Vice President, the chief accountant will be responsible for reviewing the operations of the subsidiaries and reporting the European/African performance to the U.S. parent company. In addition the post will respond to special situations as they arise and act as financial adviser to the subsidiaries.

Applicants should be qualified accountants with financial experience gained at a senior level within a multi national environment. A sound knowledge of consolidation and US GAAP requirements is essential, as is the ability to speak Dutch and German. In order to retain a close involvement with subsidiary businesses it will be necessary for the appointee to undertake travel throughout Europe, Zimbabwe and Malawi. A relocation package is available.

Please send career and personal details quoting reference F/649/A to Carrie Andrews.

Ernst & Whinney

Executive Recruitment Services
Becket House, 1 Lambeth Palace Road, London SE1 7EU

APPOINTMENTS ADVERTISING

Appears every Wednesday and Thursday

for further information call 01-248 8000

Deirdre Venables ext 4177

Paul Maraviglia ext 4676

Elizabeth Rowan ext 3456

Patrick Williams ext 3694

Candida Raymond ext 3351

"... a potential Financial Director with business flair ..."

Commercial Manager

Birmingham — *c.£30,000 plus benefits*

Our client is the UK subsidiary of a large European group, which designs and supplies mechanisms, height adjusters and seats for major motor manufacturers around the world. With a turnover of £27 million, the UK company is well-placed for further expansion. Considerable investment is being made into a new assembly plant in the West Midlands.

As Commercial Manager, you will have an exciting and demanding role – controlling the UK finance function, liaising directly with major customers and working closely with the Managing Director in implementing strategic plans.

You will be a Qualified Accountant, in your late thirties or forties, with highly commercial experience gained within the motor trade. The role demands a strong hands-on approach, good computer literacy and plenty of common sense. Success will lead quickly to a Board appointment.

Please send full personal and career details in confidence to Alison Hawley, quoting reference 5128/FT on envelope, letter or fax (01 236 2367)

Deloitte Haskins+Sells

Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

Financial Analysis Manager

North West — **c£23,000 + Car**

Our client is a profitable export orientated division of a major US Corporation engaged in the design, manufacture and supply of capital machinery to the printing industry. Following major investment in new product development they are experiencing a period of rapid growth.

In order to meet the demand for high levels of information required by the business; they seek to strengthen the existing finance function through the appointment of a Financial Analysis Manager. Specific responsibilities include the co-ordination and development of business planning, forecasting and performance reporting. In addition the successful applicant will be expected to contribute directly to the overall commercial management of the business.

Candidates aged 28-35, should be able to demonstrate significant achievements to date, coupled with strong communication skills and the ability to make an effective contribution to the profitable development of the company.

Interested applicants should contact Adrian Hitchenor on 061-228 0396 or write quoting ref. 3063 to Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.

Michael Page Finance

International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Heavyweight assignments from the start

With your qualifications and ambitions, we assume that you're ready and able to take major responsibilities, virtually as soon as you join us.

You'll certainly have a great many to choose from.

We are one of the world's largest firms of accountants and management consultants, with 24 offices in the UK, and over 530 worldwide. Our clients are large, medium and small – they all know we help them grow and we are growing fast as well.

So, with us, your opportunities are exceptionally broad and constantly expanding. We want you to take full advantage of them.

For that reason, we'll help structure your career development in the most effective way, provide training tailor-made for you and give you assignments that develop your business sense and management skills to the full. If you have what it takes, and the push, you can be a partner quickly.

You'll find us very open to new ideas. Take our Audit Department – where its special work, such as mergers, acquisitions, flotations, venture capital, fund raising and corporate valuations makes up almost half of its fee income.

Take our specialist Corporate Finance Group – one of the first in the field.

Take our Integrated Services Department – fast-growing, and a leader in the 'small business' field.

You'll find us equally open to new ideas in Tax, Computer Audit or insolvency work.

That's a further indication of the variety of opportunity on offer.

Ring or write to Tim Firth for our brochure 'Qualified for Touche Ross.' And, if you are, you'll have a great career ahead of you – with loads of possibilities in any department.

Touche Ross

Hill House, 1 Little New Street, London EC4A 3TR.
Telephone: 01-353 8011.

Offices in: Aberdeen, Belfast, Birmingham, Bracknell, Bristol, Cardiff, Coleraine, Crawley, Dartford, Edinburgh, Glasgow, Isle of Man, Jersey, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle-upon-Tyne, Newport, Newry, Swansea, Wolverhampton.

SUCCESS WITH THE RETAIL REVOLUTION

Commercial Analysts

Aged 25 - 30 — **To £30,000 + Car**

Have you the dynamism and motivation to make a name for yourself in the fast moving and demanding retail sector? If so, our client, a rapidly expanding multiple retailer of fast moving consumer goods are offering high profile jobs for newly/recently qualified accountants - at the sharp end.

Due to growth and internal promotion they are seeking to recruit key people based in Central London or the Thames Valley. As a commercial analyst you will assume an overview of the company's trading, providing key input to operations development. In addition to commercial skills, highly developed interpersonal abilities are called for as these roles involve extensive inter-action with non accounting people from the board to operations and marketing personnel. Assisted by state of the art technology you will be responsible for a wide range of projects, including:

- Store profitability analysis
- Commercial investment appraisal
- Acquisition reviews
- New product development

People who possess the right blend of talent and drive coupled with business acumen and communication flair will find promotional options readily available.

Salaries offered for these posts will be generous to reflect the level of commitment demanded. In addition a comprehensive range of benefits including relocation where necessary will be offered.

Interested applicants should contact either Gerald Whiting or Julia Church enclosing a full CV, quoting ref: A188, at Mervyn Hughes International Limited, Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. Telephone: 01-488 4114.

Elliott

Financial Director Construction

Due to sustained growth, the Elliott Group of Companies seeks to appoint a Financial Director to its principal contracting company - J A Elliott Limited. The company has an enviable reputation in the industry and now contributes over £60m to the Group's annual turnover.

The successful applicant will be a qualified accountant, probably in his - or her - mid 30s; demonstrate a high level of commercial acumen with proven experience of the construction industry and the ability to make a substantial contribution to the future development of the company.

In addition to reporting to the Board of J A Elliott Limited, the successful applicant will report the the Group Financial Director.

Based in Bishop's Stortford, Hertfordshire, the position offers a first-class salary and range of benefits commensurate with an appointment at this level.

Please apply in writing enclosing a current cv to:

G M Thurley FCA
Group Financial Director
The Elliott Group of Companies
Twyford House
Bishop's Stortford
Hertfordshire
CM22 7PB

Building on a reputation

---

nescot
North East Surrey College of Technology

DEPARTMENT OF BUSINESS

Lecturer in Accountancy

Applications are invited for the post of Lecturer in Accountancy to start in January 1989 or earlier. The applicant should be well qualified and have practical experience and should be prepared to lecture on courses up to CACA level.

Salary Scale:
LECTURER £8481 – £15369 p.a.
Plus £333.00 p.a. London Fringe Allowance
Generous relocation expenses in approved cases

Further information about the post and application forms can be obtained from the Vice Principal, NESCOT, Reigate Road, Ewell, Epsom, Surrey KT17 3DS.

Please send a large stamped addressed envelope.

SURREY COUNTY COUNCIL

FINANCE MANAGER

Ilford
Circa 18,000

We are a subsidiary Shipping Agency-Company of an International Shipping Line. We are looking for a Finance Manager to be responsible for accounting and general administration of the company.

Candidates are likely to be in their late twenties with minimum of two years experience in Shipping Agency Company.

For further information, please call Mrs Joanne Lau on 01-349-0568.

UK TRIDENT SHIPPING AGENCIES LTD.
TEL: 01-349 0568

CORPORATE ACCOUNTANT

Management of Change – City
c.£35,000 + Executive Car

Iconoclasm is not exactly the order of the day, but we are certainly looking for a self starter, who in a time of change understands that all areas of business practice will be re-assessed.

This leading City institution is going through a period of reappraisal, which will lead to renewed growth and improved profitability. All of which will inevitably involve a degree of restructuring and reorganisation, the dynamics of which, you will be centrally involved in. This will necessitate your liaising and working closely with the other senior Corporate staff.

You will be responsible for the preparation of published results and associated information for presentation to the Group Board. Furthermore, in maintaining the highest standards of financial management, you will play a part in the development of information and systems, help develop and produce Group plans and work as part of a small team on acquisitions and mergers.

You will be expected to contribute at the highest level in all aspects of financial decision making.

We believe this position calls for a qualified accountant, possibly with an M.B.A. and five years' post qualification experience. The absolute necessity of excellent inter-personal skills in both communication and motivation, will be obvious to you.

To apply for this or other similar opportunities, please write with full c.v. to:– Jeremy Lancaster, Probe Executive Selection, 58 Houndsditch, London EC3A 7DL or telephone 01-283 8787.

PROBE EXECUTIVE SELECTION
a division of Probe Management plc

S. G. Warburg Group plc

INVESTMENT BANKING

NEWLY QUALIFIED ACCOUNTANTS

S. G. Warburg Group is seeking newly qualified accountants of the highest calibre to join its Group Internal Audit Department, to perform systems reviews and special projects worldwide at a supervisory level.

Career prospects are excellent. The positions offer the successful candidates unique and challenging opportunities to work closely with and assist senior management in all aspects of the business of one of the leading international investment banking, securities and asset management groups.

The ability to communicate clearly and easily, as well as to assume responsibility quickly in a stimulating environment, is important.

Applications, enclosing a curriculum vitae, which will be treated in strict confidence, should be sent to:

Mrs A. J. Sprules,
Director,
S. G. Warburg Group Management Ltd,
1 Finsbury Avenue,
London EC2M 2PA

APPOINTMENTS ADVERTISING

Appears every Wednesday and Thursday

for further information call 01-248 8000

Deirdre Venables ext 4177

Paul Maraviglia ext 4676

Elizabeth Rowan ext 3456

Patrick Williams ext 3694

Candida Raymond ext 3351

Financial Director (Designate)

Expanding quoted estate agency and financial services group
London c £45,000 + car

Our client has successfully established itself as a major independent group of commercial and residential estate agents and has market leadership in several specialised areas. The estate agency operation is complemented by an organisation which provides a wide range of property related advice and financial services. The group is quoted in the Stock Exchange and has grown rapidly both organically and by acquisition. It now needs a strong, forward looking financial manager to contribute to the group's next stage of development.

The role will involve full responsibility for the financial input to board decisions and for translating the group's business objectives into effective financial policies. It will require extensive liaison with the directors of the group's constituent companies to assist them with their own financial policies and to co-ordinate the development of financial plans and budgets. The Financial Director (designate) will be supported by a small head office accounting team which prepares the statutory accounts, monthly management accounts and management information. It may be necessary to review the reporting procedures, structures and systems as the company grows.

The ideal candidate will be a qualified accountant who has operated at a senior level in a service organisation. Candidates must be able to demonstrate their proven ability to develop a business and sound experience of financial management in the broadest sense. They will need excellent communications skills and a strong personality to establish their credibility with professionals in other disciplines.

Please write in confidence to Jane Woodward at the address below, quoting reference SHA.1148.

Stoy Hayward Associates

MANAGEMENT CONSULTANTS, EXECUTIVE SELECTION DIVISION, 8 BAKER STREET, LONDON W1M 1DA
FAX No: 01-487 3686

A member of Horwath & Horwath International

FINANCE DIRECTOR (DESIGNATE)

c£30,000 & car + benefits
West Midlands

This £35m private group is a market leader in the PC & Computer Services industry. With over 10 years success, it enjoys an enviable reputation for quality and customer services and is widely regarded as the leading business in its field. Its flexible, enterpreneurial leadership, plans structured but explosive continued growth in the next 3 years.

Your brief will be challenging. As a qualified accountant (ACA) with both public and private company experience your role will be to steer the organisation to the market and beyond. This will involve supporting its front-end activities by providing effective and pro-active MIS, financial and accounting functions – significantly contributing to the group's strategic development.

Aged under 40, you will ideally have reached a position of Head of Department within a service sector organisation – and now be ready for your next step towards Director level.

The salary and benefits package will reflect the importance of this role to the continued success of our client – and should not be considered as a limiting factor.

Interested? Please write in the first instance with full career and salary details. As these will be forwarded direct to our client, list on a separate sheet any companies to whom your application should not be sent.

Kevin Mitchell Ref KM371, MSL Advertising, Centre City Tower, 7 Hill Street, Birmingham B5 4UA.

Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL Advertising

Short term assignment for top Financial Director

- **Help prepare for flotation**
- **Stand-in as a senior Financial Executive for 6–12 months**
- **Evaluate acquisition and new business opportunities**

Our client urgently needs a top flight finance man or woman following the ill-health early retirement of its Finance Director and pending the appointment of the successor. The next twelve months are a time of major demands on the Finance function of this £500m turnover business in its run-up to flotation. You will be expected to take a leading role in discussions with the City, help and advise the Group Chairman and the Finance Director of the main operating company particularly on issues of restructuring and the creation of new departments and be part of a team engaged in new business development and acquisition analysis.

You should be immediately available, living in or willing to commute weekly to the North West and have held the top finance or very senior role in a large quoted company. Ideally you will be available five days per week. We envisage a minimum contract of six months possibly extendable to twelve.

We are also interested in talking to Group Financial Directors seeking a permanent position. A substantial negotiable salary package plus large company benefits is available.

If you would like a preliminary conversation about these possibilities, please phone Christopher Kiddy, Chairman, C Kiddy and Partners on (0272) 215275 or send a letter of introduction with details about yourself quoting reference 2304/FT.

C Kiddy and Partners

Recruitment and Organisation Consultants

43 QUEEN SQUARE, BRISTOL BS1 4QR. TEL. (0272) 215275

EUROPEAN FINANCIAL CONTROLLER & Administration Manager Role in U.K. and Eire

To £25,000 – £30,000 plus car Hampshire

Join an independent 200-people company – established 25 years – manufacturing equipment to condition compressed air to 'breathable' quality in a variety of industrial, workplace and medical applications – many of which are high-tech. A market leader in the US, the company sees that worldwide potential for its products is enormous – especially in Europe, Africa and the Middle East, where current market share is modest, and mainly achieved through distributors and OEMs.

Based in the UK office, travelling regularly into Europe and reporting to the European General Manager you will be Financial Controller for the whole European business and also responsible for the overall administration of the 12-man UK & Eire product sourcing, sales and distribution operation. You will be an experienced, qualified accountant, probably 30+ with a progressive career in European/UK/US financial reporting, analysis, planning, forecasting, pricing, tax and treasury. You'll also be computer-literate, as your responsibilities will include data processing.

You're looking for a much broader role in a growth-oriented manufacturing/distribution operation, with career prospects perhaps including a move into continental Europe in the medium-term.

Please post or fax your CV in confidence to Roger Stephens or telephone his office for a brief initial discussion. Ref 8877.

Roger Stephens & Associates

3 Park Street, Old Hatfield, Herts AL9 5AT
Telephone: 07072 75361 Fax 07072 71366

MAJOR EUROPEAN BANK

Treasury Accountant

City to £32,000 + banking benefits

A major European bank is seeking a Treasury Accountant to join their rapidly developing Finance function.

Controlling a group of 6 experienced staff, you will be responsible for the financial control of and accounting for swaps and other related Treasury instruments. Duties will include the maintenance of existing management information systems, and specification and installation of enhancements to those systems.

This position should appeal to accountants with a minumum of 2 years' experience of accounting for Treasury products in a major City institution. They should have a sound knowledge of the Treasury function, experience of Treasury management information systems, good management skills, and a practical and "down to earth" approach, which will enable them to make an immediate contribution.

An attractive package is being offered which reflects the importance attached to this role. Career prospects in the short term are excellent.

Please telephone or write in confidence to John Cockerill quoting reference number 6031.

Roland Orr & Partners
Management Consultants

12 New Burlington Street London W1X 1FF Telephone 01-439 6891

Tax Specialists

Various Locations £25K upwards

Our client is one of the U.K.'s leading chartered accountancy practices. It has enjoyed one of the fastest growth rates of any major U.K. accountancy firm over the past 5 years.

This growth has created a need for several young (27-37 years) C.A.'s with tax knowledge who wish to develop quickly to partner status in a friendly but dynamic client aware environment where the highest standards of professional service are practiced.

We seek persons with a positive approach, social awareness and an ability to develop business. This is a career opportunity with excellent benefits. Send your C.V. to or telephone in confidence Arthur Hughes at:

MKA SEARCH INTERNATIONAL
MKA House
St. Andrew's Court, St. Andrew's Road
Droitwich, Worcester WR9 8DN

MKA

London, Droitwich, Worcester. Search, Selection & Management Consultancy.

OPERATIONS DIRECTOR

NORTH WEST. To £35,000

A subsidiary of a highly successful international Group with a rapidly expanding turnover – operating in marketing machinery and equipment has a vacancy for a qualified Chartered Accountant who has been involved in managing the wider commercial aspects of a business, specifically D.P. and general administration. The post will prove an exciting role for someone in their mid-thirties who now wishes to make a genuine contribution to the commercial direction of the business. As well as being involved with strategic and tactical matters as part of a small team, the job holder will have day to day responsibility for accounts, D.P., company secretariat, warehousing, distribution and general administration.

The salary package will be up to £35,000 with the usual additional benefits of car, private medical insurance and general administration associated with a position at this level.

Applicants should send a full C.V. together with details of current salary etc., to: Miss Keenan, ARA Advertising, Cresta House, 17-19 Maddox Street, London W1R 0EY.

ARA ADVERTISING

Group Financial Controller

London, SW1

Our client is a major UK publicly quoted manufacturing Group with significant overseas interests and an annual turnover in excess of £1 billion.

Reporting to the Finance Director, the Group Financial Controller will be responsible for the budgeting procedures and financial reporting of this decentralised Group. The successful candidate will be expected to manage the further development of corporate control and the review and analysis of the individual business operations' contribution to the Group's overall performance.

This is a high profile role supporting the main board in the achievement of its financial objectives, and therefore your track record should reflect similar experience.

Ideally a graduate and aged 35-45, the successful candidate will be a qualified chartered accountant.

A competitive remuneration package will fully reflect the importance of the position and will include a contributory pension scheme and car.

Confidential Reply Service: Please write giving full details and background of your career to date, quoting 2137/MB on your envelope to: Charles Barker Recruitment, 30 Farringdon Street, London EC1A 4EA. All replies will be forwarded to our client unless we are advised of companies to which your papers should not be sent.

CHARLES BARKER

ADVERTISING · SELECTION · SEARCH

Financial Consultants— Systems Development

Experienced Accountants **to £35,000 + car**
+ bank benefits and relocation expenses

A real opportunity to influence strategic accounting developments in a major Plc.

Our client is one of Britain's best known and most progressive financial institutions, with substantial investment and international banking activities as well as established operations in the more traditional domestic markets.

The overall development, design and implementation of a new generation of accounting and management information systems is being undertaken in conjunction with the Group Information Technology function, with emphasis on the areas of:

* **Risk management and financial control;**
* **Financial and management reporting;**
* **Product profitability analysis.**

Opportunities exist for accountants with at least 3 years' post qualification experience in financial services, consultancy or a large accountancy practice. These are high profile roles providing exposure to senior management in all operational areas.

Knowledge of *MSA software* would be advantageous, however, tailored training programmes will be provided to develop technical and project management expertise for the less experienced.

Individuals with accounting skills and an interest in I.T. are in exceptionally high demand and future career opportunities are outstanding.

If you can demonstrate your ability to meet this challenge, please call **Diane Forrester ACA on 01-831 2000** or write to her enclosing a full curriculum vitae at **Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.**

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Financial Controller

Huge Potential

Knightsbridge

£25–30,000 + car

Our client is a top jewellery designer and manufacturer operating in an exclusive market. Established a few years ago the company has built up its turnover to over £1m and is already achieving satisfactory profit levels.

The recent award of a lucrative but challenging contract from a major USA retailer is accelerating their ambitious expansion plans and success will open up exciting opportunities on a world-wide basis.

Technically and operationally the company is strong but skilled financial management is critical in order to maximise the potential.

They therefore wish to appoint an able and commercial Financial Controller to be responsible to the Board for all financial and company secretarial aspects of the business.

They are seeking a Qualified Accountant, aged 30 to 50, with broad ranging financial experience, ideally in a small but fast growing operation. Costing and computer-based systems experience is essential and you should be happy in a hands-on situation.

An attractive remuneration package is offered and the outstanding prospects include a Board appointment in the short-term.

Please send your curriculum vitae, including current salary and daytime telephone number, quoting reference T2019 to Michael Ping, Grant Thornton Management Consultants Limited, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.

Grant Thornton
Management Consultants
OFFICIAL SPONSOR OF THE 1988 BRITISH OLYMPIC TEAM

Look inside the dynamic world of ICI

ICI has an international reputation as one of the world's major chemical companies. Our success is built on the excellence of our products, a progressive management style, and the quality of our staff.

Accountants play key roles in helping to manage the business, in monitoring performance, and ensuring that the business is properly controlled. They are involved in every aspect of the Company, as managers in their own right, as team members with business managers, and as providers of all financial and accountancy support.

Opportunities in the North West now exist in our Chemical & Polymers business and Corporate Audit Group at Runcorn, the Pharmaceuticals business at Alderley Edge and the Colours & Fine Chemicals business at Blackley in North Manchester for exceptional graduate accountants (aged 23-28) who can demonstrate the intellect, drive and ambition to succeed in this dynamic environment.

Interested applicants should contact Stephen K. Banks ACMA on 061-228-0396 or write to him, quoting ref 3060 at Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Overseas Accountant

c.£22,000 + extensive benefits, **Kendal**

Provincial Insurance PLC is a medium sized UK insurer with 1,900 employees based in the UK and abroad. The company has a premium income of approx £250m of which 20% comes from overseas. The overseas operation consists of subsidiary companies, branches and agencies. The present corporate plan for the Overseas Account allows for both generic growth and growth by acquisition.

As Overseas Accountant based in Kendal you will work with and control the Overseas Accounts Section. You will prepare consolidated accounts for both management and statutory purposes. In addition, separate accounts and information are also prepared for submission to the Department of Trade and Industry. You will also be involved in special projects, such as acquisitions.

The Overseas Accountant reports to the PIPLC Accountant and works with the management team of the Overseas Office. It is very important that you are able to communicate clearly with management in disciplines outside the accounting field.

Ideally you will be aged 28/32 with 5 years' post qualifying experience. Salary is negotiable in the range £20,000-£22,000 and the overall package is attractive including subsidised mortgage, company car and where applicable removal expenses to this beautiful Lake District location.

Please apply in writing to Miss Helen J. Dixon, Personnel Officer, Provincial Management Services Limited, Stramongate, Kendal, Cumbria LA9 4BE.

Provincial
Provincial Insurance P.L.C.

Outstanding careers for Investigative Accountants

£26,000 to £34,000 plus car and significant banking benefits

City based

We are looking for ambitious qualified accountants to be responsible for audits and investigations Groupwide, as the first step to a wider banking career.

After spending from one to two years in the Audit Department we envisage successful candidates will be promoted, possibly within the department, but most likely into line management outside audit to a front line banking role or operations/finance.

During that one to two year period, you will gain well-rounded business appreciation of most of the Group's activities including investment banking, retail and wholesale banking, and financial services subsidiaries. You will conduct a wide variety of internal audit assignments, for example treasury, lending, information technology, as well as due diligence investigations on acquisitions or divestments, plus ad hoc investigations or short term secondments to business projects outside audit.

Previous banking experience, though useful, is not essential but candidates must have audit and investigation experience, strong analytical skills and commercial sense, and be able to communicate well with senior people.

These opportunities are at two managerial levels and have been created by recent promotions which are in line with our policy that the Audit Department is an ideal point of entry for high-calibre accountants into the business. If you are looking for a move which offers wide experience and career development, please send or fax your CV in confidence to: David McLachlan, Group Audit Director, Midland Bank plc, Poultry, London EC2P 2BX. Fax: 01-260 8461.

MIDLAND GROUP

BUILDING AND HOME IMPROVEMENTS INDUSTRY, THE COMPANY IS CURRENTLY ENGAGED IN A MANAGEMENT BUYOUT, WITH AN ANNUAL TURNOVER OF £5 MILLION AND BASED IN SOUTH EAST ENGLAND.

FINANCIAL DIRECTOR — DESIGNATE

£25K+QUALITY CAR+SHARE OPTIONS **KENT**

We invite applications from Chartered Accountants who have acquired a minimum of 5 years commercial financial experience in a senior management position and who are keen for a Board Appointment. Reporting to the Managing Director you must be able to guide the company through this challenging position of a management buyout and exposure to change. Resilience, durability and total commitment are the essential personal characteristics we seek together with the ability to communicate at all levels.

Responsibilities are widely drawn and cover taking a significant role in business decisions, financial planning, cash management and tax planning etc. The ability to play a key role in forming the further profitable expansion of the company is important.

This is a first class opportunity to grow with a developing company where contribution is recognised. Salary will not be a barrier and the package includes share option, pension and relocation expenses.

CREATING HIGHER STANDARDS

Contact Bob Taylor on 0732 770827 or write or fax to him your full career details at:

Mainspring Management Appointments Ltd
Wharf House, Medway Wharf Road,
Tonbridge, Kent TN9 1RE
Fax: 0732 359351

MAINSPRING

M & G
UNIT TRUST GROUP
— TRUST ACCOUNTANT £NEG + CAR —

M & G, the pioneer of Unit Trusts in Britain and still the largest independent continues to report company profit growth, outperforming UK competitors in the industry.

An experienced Trust Accountant is sought to provide management control of a team responsible for M & G's Unit and Investment Trust Administration. Additional responsibilities would include the role of Company Secretary for specific discretionary trusts as well as controlling all tax matters relating to investment funds. Taxation, responsibilities would broaden to encompass Group Corporate work.

It is envisaged that the successful candidate will be fully qualified, aged 25-35 and be currently working for an Investment Management group or for a Corporate Tax department of a professional firm.

The remuneration package on offer includes a company car, mortgage subsidy, profit share, free BUPA and an attractive pension and life assurance scheme.

Please apply to Fiona Chandler
Tel: 01-638 5286 Fax: 01-382 9417

JOSLIN ROWE
RECRUITMENT CONSULTANTS

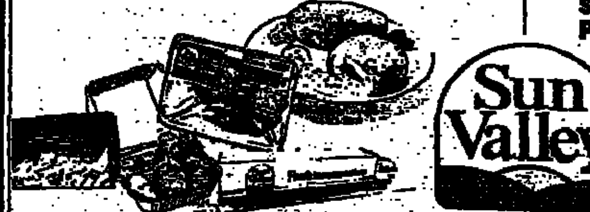
WANTED
QUALIFIED/ PART QUALIFIED ACCOUNTANTS CIMA/CACA

You must have drive, enthusiasm and the ability to keep us ahead of the rest.

We offer challenging career opportunities in an expanding and exciting environment. Excellent salary and fringe benefits and located in beautiful unspoilt countryside.

GET AHEAD — BUT OUT OF THE RAT RACE.

Send your cv now to Linda Lloyd, Personnel Services Manager or telephone for further information.



Sun Valley Poultry Limited, Grandstand Road, Hereford HR4 9PB. Telephone (0432) 276432.

Manager - Financial Accounting

To £30,000 + Bonus + Car + Benefits

Our client is a major US Investment Banking, Securities and Commodity Trading Group – a market leader in numerous product areas throughout the world. Consistently rated as one of the worlds top ten Investment Banks and with current capitalisation well in excess of $2 Billion, the organisation has an innovative and progressive reputation. Their strong commitment to London and Europe has recently been underlined by a multi-million pound investment in new London Headquarters and increasing representation in Dutch, French and Spanish markets.

As Manager – Financial Accounting you will report directly to the International Controller and, with a staff of ten, assume responsibility for Administration Accounting and related Management Reporting for all non-trading London activities. This also involves control of Statutory Accounting, Budgeting, Cost allocation and liaison with the firm's senior management, external auditors and professional advisors.

Candidates will be qualified graduate Accountants with at least two years post qualification experience, ideally from a multinational environment. Whilst previous Securities experience is not necessary, total familiarity with all aspects of financial accounting requirements and the use of computerised systems are essential criteria.

They will be self motivated and confident with well developed interpersonal and management skills, and able to display the energy, initiative and flair required to meet the continuing challenge that this role will present.

For further information, please telephone or write, in strictest confidence, enclosing full career details, to David Goodrich, Firth Ross Martin Associates Ltd., Bell Court House, 11 Blomfield Street, London EC2M 7AY Telephone: 01-628 2441 Fax 01-382 9417.

Firth Ross Martin

FIRTH ROSS MARTIN ASSOCIATES LTD.

Financial Director

– For Acquisitive Electronics Group

South Midlands

c £40,000, Performance Incentive, Share Options

£5 million to £25 million turnover in 3 years is the target. The manufacturing, technical and international customer base is strong, profits are healthy and investment capital only awaits justification. The Chairman has been appointed for his considerable success in business development, but needs this 'right hand man' for company operation and financial analysis, city dealings and knowledge of procedures. Probably in your 30's, a qualified accountant and graduate, you must have multi-site manufacturing experience and have contributed to, and not simply reacted to, company growth. Dedication, credibility and stature, honed negotiating skills and strong drive will be fully exercised in this demanding, exciting environment. Aspirations for general management or increasing responsibility will inevitably match success. Excellent benefits include car, pension, private health scheme, and relocation assistance.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *D.A. Teale, Hoggett Bowers plc, 13 Frederick Road, Edgbaston, BIRMINGHAM, B15 1JD, 021-455 7575, quoting Ref: B14017/FT.*

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD and WINDSOR

A MEMBER OF BLUE ARROW PLC

Financial Management in a climate of change

Finance Director

Manufacturing, NW London c.£30k + Car

This is an opportunity to take responsibility for the financial management of a UK operating company, contributing to the direction and development of the business as a member of the senior management team.

Expandite Limited, with an annual turnover of around £20m, is a leading international supplier of a wide range of sealants and waterproofing products for the building and construction markets.

The Finance Director's responsibilities include effective monitoring and control of the company through sound financial management and accounting procedures. The extension of data processing and co-ordination of computerised business control and financial systems are major tasks. The job is also responsible for monitoring profitability, cash flow and return on capital, and for managing the financial resources and working capital of Expandite. The Finance Director is a key contributor to the strategic direction of the business.

The job requires an internationally recognised accountancy qualification backed by substantial experience gained within manufacturing industry.

This important position offers a competitive remuneration package, including a car and incentive bonus scheme.

In the first instance, please send a written application supported by a c.v. to Mrs Jane Read, Personnel Officer, Burmah Speciality Chemicals Limited, Burmah House, Pipers Way, Swindon, Wiltshire SN3 1RE.

expandite

BURMAH SPECIALITY CHEMICALS

Finance Manager

London c.£30,000

The Engineering Operations Division is responsible for the provision of internal contractor services for London Underground Limited in an increasingly competitive environment. It comprises three major operating units—Electro-mechanical, Signals-electrical and Civil Engineering—employing some 5,000 people, with an annual operating budget of £100 million.

A Finance Manager is now required to head up its financial function, with overall responsibility for the provision of financial services and information systems—reporting to the Director of Engineering Operations and functionally to the Finance Director. Support will be given by the devolved finance functions which in turn support each of the three major operating units and comprise a sixty-strong team.

As Finance Manager the successful candidate will be specifically responsible for the following:

- Co-ordination of budgets and business plans
- Analysis and reporting on business performance
- Financial control
- Development of financial and management accounting systems
- Implementation of IT strategy
- Commercial advice and guidance.

This senior managerial post calls for a qualified accountant with substantial post-qualifying experience in a commercial and multi-disciplined, labour intensive environment. Interpersonal skills must be of the highest order, accompanied by an ability for clear logical thought and the motivation of others.

Total benefits include free travel on London Underground and Buses and generous concessions on British Rail for you and your family.

Please send your CV quoting reference UOV/IIX, to Angela Fitzpatrick, Personnel Department, London Underground Limited, 55 Broadway, London SW1H 0BD. Fax: 01-222 5428.

Finance Director

To build upon commercial success

c£45k + bonus + car West of London

Our client, a high-profile quality consumer goods subsidiary of an international group, has an excellent record of progressive growth and profitability in an increasingly competitive and changing marketplace. To build on this success, the company has ambitious development plans, including a major new product launch and geographical and product diversification.

This appointment arises from a restructuring of the board. Reporting to the Chief Executive, you will contribute centrally to the general management and strategic direction of the company, as well as managing substantial finance and computing teams who are critical to the profitable development of the business.

Probably aged 30-40, you will be a qualified accountant holding a senior finance role in a commercial organisation, with a strong orientation towards marketing and customer service, probably in the retail or fmcg sector. Proven management and influencing skills are essential.

Please write – in confidence – with full career and salary details to Peter Evans, quoting ref. B.49398.

MSL International (UK) Ltd, 32 Aybrook Street, London W1M 3JL.

Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International

Challenging New Position

C. London c.£27,500 + Car + Financial Sector Benefits

Recently established subsidiary of a major British group whose name is synonymous with financial services, offers an outstanding opportunity to a qualified accountant, age circa 30 years.

The company's substantial growth has led to a commercial property portfolio which exceeds £ billions. Consequently the main challenge in an exceptionally broad range of responsibilities will be to contribute significantly towards enhancing levels of profitability through the upgrading of management information. Thus it is essential that you can demonstrate sound financial and communication skills combined with commercial acumen. A knowledge of property and systems would be a distinct advantage.

Success in this new position will provide the ideal stepping stone for a business minded individual within a developing group. The benefits package is outstanding and relocation expenses are available.

Write, with full CV and daytime telephone number, to Patrick Donnelly quoting Ref. FT/030. Alternatively, FAX your details on 01-487 3344.

PD Consultants

MANAGEMENT · SELECTION

314/316 Vauxhall Bridge Road, London SW1V 1AA. Tel: 01-828 2273

STORES AUDIT MANAGER

HIGH STREET RETAIL GROUP

LONDON AREA £'s SUBSTANTIAL+CAR

Reporting to the Controller of Internal Audit, the Stores Audit Manager will plan, control and develop the stores audit function for this prominent retail group. He/she will manage the work of 6 small audit teams, each with its own Manager, which conduct compliance audits in stores throughout the British Isles.

As the keynote of the work is to provide a catalyst for action to improve control and profitability in the Company, suitable applicants must have proven leadership and communication skills together with experience in managing others.

Applicants will also have at least 7 years industrial or commercial experience—a substantial part being in large, multi site companies, and will be practised users of business microcomputers, ideally covering a variety of applications including database systems and spread sheets. Two or more years spent in Internal Audit is desirable.

In addition to a substantial salary the position offers a company car, medical insurance and a first class pension scheme including life cover.

Please send full details, including present benefits, in confidence and quoting ref. PP110 to:

Jay Jobling, The People Partnership, Television House, Mount Street, Manchester M2 5WS.

THE PEOPLE PARTNERSHIP

A MEMBER OF THE MAXWELL CLARKE GROUP

M. B. A.

WILL YOU NEVER CEASE TO AMAZE US?

THE FACTS:
- ZERO TO $1.2 BILLION IN FIVE YEARS;
- QUICKEST EVER ENTRY INTO THE "FORTUNE 500";
- ONE OF THE COMPUTER INDUSTRY'S MOST SUCCESSFUL FIRMS.

THE SUCCESS STORY IS CONTINUING AND THE UK SUBSIDIARY IS EMULATING THIS EXCITING PERFORMANCE. WE ARE LOOKING FOR A YOUNG MBA TO CONTRIBUTE TO THIS ON-GOING SUCCESS. REPORTING TO THE FINANCIAL PLANNING MANAGER, YOU WILL BE RESPONSIBLE FOR ASPECTS OF THE FOLLOWING:

- MONTHLY PLANNING CYCLE;
- VARIANCE ANALYSES;
- PRICING AND MARGINS.

THIS IS A REAL OPPORTUNITY TO INFLUENCE THE BUSINESS. IF YOU ARE FAMILIAR WITH SPREADSHEET SOFTWARE AND HAVE THE CONFIDENCE TO HELP DEVELOP A SOPHISTICATED PC-BASED PLANNING SYSTEM, THEN WE WOULD LIKE TO HEAR FROM YOU.

PLEASE WRITE GIVING FULL CAREER DETAILS TO:

PAUL CHARLTON FINANCIAL PLANNING MANAGER, COMPAQ COMPUTER LTD., AMBASSADOR HOUSE, PARADISE ROAD, RICHMOND, SURREY TW9 1SQ. TELEPHONE 01 940 8860.

COMPAQ

WE'LL NEVER CEASE TO AMAZE YOU

FINANCIAL CONTROLLER

EC1

£24,000 + CAR

ADVERTISING GROUP with a unique niche in a rapidly expanding market sector have been guided to this success by a young committed management team. They now wish to complete this team by adding a young qualified accountant whose interests and awareness extend beyond the confines of the finance function.

Prime responsibilities will include co-ordination of reporting requirements throughout the group, development of systems to ensure monitoring of profitability on work undertaken, and the management and motivation of a small team. Of particular interest however will be the opportunity to become involved in the management of the business in the broadest sense.

If you have qualified in the last two years, or are a finalist close to qualifying and feel you can offer the commitment necessary to progress in a demanding environment please contact Gordon Montgomery.

Telephone 01-629 8863 Fax 01-408 0961 or send your curriculum vitae to the address below.

BOND ACCOUNTANCY

RECRUITMENT CONSULTANTS

BOND HOUSE, 19-20 WOODSTOCK St, LONDON W1R 1HF Tel: 01-629 8863

CHINTUNG EUROPE LTD

HONG KONG/SINGAPORE/MALAYSIA

ChinTung Europe wish to recruit seasoned professionals to join their expanding institutional sales team.

Experience of Far Eastern Markets is essential.

Please write with C.V. to: Walter Walker
Managing Director
ChinTung Europe Ltd.
107 Fleet Street
London EC4A 2AB

Standard Chartered

A member of Standard Chartered Bank Group

DIVISIONAL FINANCE CONTROLLER

CONSTRUCTION/HOUSE BUILDING GROUP

SOUTHERN ENGLAND

A medium sized public company with a turnover of £60m, involved in construction and house building in Southern England, is looking for a divisional qualified chartered/cost accountant. Knowledge of the industry is important especially working with computer systems, contract costing and sub-contractors.

Candidates must have a track record of installing good financial systems. At the same time the ability to communicate with general management is a prerequisite.

Salary indicator £35K + car but not a limitation and the company will offer share options/profit sharing for the right candidate.

Please send career history to:
D. BRYAN ANDREWS ASSOCIATES
Management Recruitment
26 King Street, London WC2E 8JD

Financial Controller

CENTRAL LONDON C.£27,500 + CAR

This is an excellent opportunity to play a major role in the business development of a subsidiary of an International Group. Our client is involved in the import, processing, distribution and marketing of branded product lines which are household names. Their UK turnover exceeded $15 million last year.

Reporting to the Managing Director, you will lead a small team and be responsible for providing a full accounting service, producing comprehensive management information, analysis and forecasting plus detailed production costing data. As a member of the management team, you will be expected to be an active participant in the development of the business.

You will be a qualified accountant, probably in your late twenties or early thirties, whose broad based financial and management experience includes industrial costing and the management of a small team. In addition you should possess a good understanding of computerised accounting systems and a high level of commercial awareness.

Résumés, with daytime telephone number and current salary, should be sent to Ann Shepherd, Ref: A5988, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ.

Executive Resourcing

Coopers & Lybrand

LONDON c£40,000 + EXCELLENT BENEFITS

CONTROLLER-FINANCIAL ACCOUNTING

Mercury Communications Limited is one of the leading British success stories this decade. Characterised by innovation, drive and exceptional growth, the company is fully expected to extend its impressive position within the UK telecommunications market. Strong financial support and control are recognised as forming the basis for further expansion of the business.

As Controller – Financial Accounting, you will become part of the senior financial team, reporting directly to the Director, Finance. You will be initially responsible for financial accounting and revenue accounting including such vital areas as fixed assets and credit control. You will also be required to advise on accounting policies and ensure that the best practice is followed. This demanding role requires both strategic and operational input.

You will be a Chartered Accountant, in your late thirties or early forties with impressive financial accounting experience gained within a large organisation, preferably in the service sector. A technical department background may be applicable. Computer literacy and good business awareness are essential. You must have the ability and strength of character to make a significant impact within this changing environment.

The excellent remuneration package includes the chance to participate in attractive share option arrangements.

Please send full personal and career details in confidence to Alison Hawley, quoting reference 5156/FT on both envelope and letter.

Mercury COMMUNICATIONS

Deloitte Haskins+Sells

Management Consultancy Division

P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

Chief Accountant

Swindon up to £27k + Car

Our client is an innovative, progressive, high-tech division within a highly prestigious multi-national group. The division, which is split over 2 locations, is highly profitable and is a recognised leader in its particular field.

A vacancy has arisen for a Chief Accountant who, reporting to the Divisional Director, will be responsible for the finance function at both of the Divisions' locations. The role will encompass management accounts, financial reporting and, in conjunction with the DP team, the development of systems within the organisation. In addition, it is stressed that the Chief Accountant is a key role within the organisation and as such will be expected to make significant commercial contributions to the management team.

The successful candidate will be a qualified accountant, probably aged between 30-40 years old, who has extensive industrial experience preferably within a high-tech environment, plus a working knowledge of computer systems. Essential personal qualities will include well developed man management skills, self motivation and a strong personal presence. Prospects within the Group are exceptional and the salary package includes the provision of a car, plus a pension scheme.

Interested candidates should write to Tony Hodgins ACA, Executive Division, enclosing a comprehensive CV, at Michael Page Finance, St Augustine's Parade, Bristol BS1 4SL.

Michael Page Finance

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

---

Financial Director Designate

N. Home Counties to £27,500 + FX Car + Benefits

Our client is a c£20 million turnover engineering design and contracting company with contracts across a diverse range of prestige clients in the UK and overseas.

They are part of a c£200 million turnover international organisation with activities throughout the world. With an impressive track record to date, they are established as the leading company in their market with active plans for diversification into new areas.

An excellent opportunity has now arisen to join the local Management Team as Financial Director Designate with responsibility for: ★ financial planning; evaluation of new business, investment and acquisition proposals ★ guidance on financial performance and development ★ preparation of statutory, financial and management reports ★ development of computer based management information systems ★ Company Secretarial, Treasury and taxation duties ★ staff management including non-accounting functions.

You will be a qualified accountant, aged 28-40 and should be able to demonstrate a proven ability at a Management level. In addition you should possess strong interpersonal skills, business acumen and a willingness to 'roll your sleeves up' when necessary in order to make a significant contribution to the Company's continued success. Full relocation assistance is available for the right candidate.

Interested applicants should write to Richard Wright, Michael Page Finance, Centurion House, 136-142 London Road, St. Albans, Herts AL1 1SA.

Michael Page Finance

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

---

TAXATION

Manchester

Our client is a major multi-national with prime interests in retail, property and finance. Its Taxation Department serves the Group as a whole and now seeks to fill two posts, both located at Group headquarters in Manchester.

Assistant Taxation Manager

The appointee will report to the Group Taxation Manager. Aged late 20's upwards and ideally a graduate accountant/ATII, or possibly an Inspector of Taxes, the successful candidate's experience will have built the ability not only to undertake the major computations but also to provide clear advice on a wide range of topics from CFC Dividends to VAT. Technical research will be encouraged and the considerable opportunity for career progression is not restricted to the Tax Department. Reference P152 M.

Tax Accountant

This position will appeal to a young, qualified accountant or Inspector of Taxes, wishing to pursue a career in industry. Although initially emphasis will be on computations, and familiarity with Taxsoft will be an advantage, there will be ample scope for advancement in both career and technical expertise. Reference P152 A.

Both these positions require intelligent, outgoing, self confident and common-sense decision makers, prepared to commit themselves to a Group which offers attractive salaries and a benefits package commensurate with that expected of an organisation of this size. Assistance will also be given with necessary relocation expenses.

Letters of application, together with CV, salary progression and any *other relevant data should be sent without delay to* the Managing Director, Performance Management Limited, 8th Floor, Peter House, St. Peter's Square, Manchester M1 5BH, and quoting the appropriate reference number.

PM Performance Management Limited

MANAGEMENT CONSULTANTS

Appointments Advertising

Appears on Wednesday and Thursday

£47 s.c.c

Premium Positions

£57 s.c.c

HEAD OF EUROPEAN AUDIT

ACA/ACCA Age 27-32 c.£30,000 + Car + Bonus

An exceptional opportunity has arisen with one of the fastest growing global securities houses in London. This organisation has already built an enviable reputation through transacting business to suit their clients' needs.

To support this continued success a key individual is sought to head up the Internal Audit Department, responsible for UK and European operations.

The main objective will be to set up an Internal Audit Department, reporting directly to the Director of Worldwide Audit. Establishing direction, reviewing the operational activities of the group and extensive liaison with senior management will be necessary along with familiarity of the Financial Services Act.

To meet the demands of this position a dynamic and forward thinking individual is sought with at least 2 years experience in the Banking/Securities environment. A strong commercial awareness and excellent interpersonal skills are essential.

Interested applicants should contact Andrew Chancellor by telephone on 01-437 0464 or write enclosing brief details to the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS

Queens House 1 Leicester Place Leicester Square London WC2H 7BP

Telephone: 01-437 0464

Financial Controller

S. Herts to £27,500 + car

This is an opportunity to make a significant contribution to a widespread programme of development and re-direction on which our client is embarking. It is an industry-financed body with about 600 employees, performs statutory duties and provides a range of specialist services to companies in a major sector of the economy. It is committed to commercially-orientated objectives and policies to sustain its key industrial contribution in a changing political and business environment. This new appointment, reporting to the Director of Finance, has been created out of this process of change. Supported by experienced supervisors and a staff of 40 using computer-based systems, the Financial Controller will be responsible for the total accounting and financial planning functions. He or she will be expected to carry out a review of the departmental structure and introduce enhanced management information systems to meet the developing needs of the organisation in the most cost effective manner. Applicants must be qualified accountants with the energy and confidence to manage change successfully in a demanding environment. Age is not a factor. Ref: 1672/FT. Write or telephone for an application form or send full details (with a daytime telephone number and current salary) to R. A. Phillips, ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours), Fax: 01-349 3668.

Phillips & Carpenter

Selection Consultants

Director of Finance

c.£35,000

The Open University is a unique academic institution based at Walton Hall in Milton Keynes with annual recurrent expenditure in excess of £90 million.

The University wish to appoint a Director of Finance who will head a department of some 75 staff and who will be a member of the senior management team of the University.

The Director of Finance plays a key role in providing management and financial accounting services. These include the provision of financial advice to the University, the management and control of budgeting systems, financial planning, treasury management and the preparation of annual financial accounts.

The University seeks a qualified accountant who has experience of computer based accounting systems and who has demonstrated sound skills of managing large groups of professional staff. The post calls for a participative yet decisive management style and will appeal to those who can offer a clear commitment to providing leadership and service within the environment of an autonomous academic institution.

Further particulars and forms of application for the post are available from The Secretary, The Open University, Walton Hall, Milton Keynes, MK7 6AA. Tel: (0908) 653213. There is a 24 hour answering service on 653868.

The closing date for applications is 20th October 1988.

The Open University has an Equal Opportunities Policy.

The Open University

Operations Manager

Leeds **C. £30,000 Package**

Our client, a provider of specialist services to the investment market, have achieved their position as a market leader via organic growth and strategic amalgamations. The client base consists of some of the UK's most prestigious "Blue Chip" groups in a business where the quality of service is paramount.

This newly created position is viewed as critical to the achievement of future objectives. The successful applicant will have full responsibility for the provision of sophisticated computer based information and the meeting of reporting deadlines as set by clients. He/she will be responsible for the management and supervision of a department of 16 staff and will report to and work closely with the Managing Director as a key member of the senior management team involved with all aspects of commercial and strategic decision making.

The position may well suit a qualified Accountant with a track record of success in a financial institution or alternatively candidates of other disciplines who can demonstrate substantial management experience in the business administration activities of a financial services related company.

Applicants will require a high level of numeracy, strong technical/analytical skills and a considerable degree of computer literacy. Personal qualities sought include above average communicative ability, flair, initiative and a desire to succeed in a fast moving, demanding environment.

This is a first class career move offering substantial challenge and opportunity, leading ultimately to a Directorship. The salary package and benefits are negotiable, reflecting the importance of the appointment and will not be a bar in the final selection process. A full relocation package is available where appropriate.

To apply, in the strictest confidence, please telephone or write to **Mary Byrne** at the address below.

STARK BROOKS ASSOCIATES LTD

Accountancy Recruitment Consultants

SUITE 477/479 ST. JAMES'S BUILDINGS, OXFORD STREET MANCHESTER M1 6FQ

TEL: 061-236 1212/061-228 0183

FINANCIAL TIMES
COMPANIES & MARKETS
Thursday October 6 1988

INSIDE

Rivals go hell bent for leather

Two old British corporate foes have rejoined battle. Last week's £41m ($69m) hostile bid by Strong & Fisher for rival Pittard Garnar saw the last traces of the once vibrant UK leather industry locked in combat. Both companies have long histories in the leather goods business and each has staunch family involvement. Nikki Tait looks at the two groups that are still hell bent for leather. Page 28

Sowing seeds of discontent

Farmers across the UK, and many people in related industries, are reeling at the extent of proposed Government cuts in spending on agricultural research and development. Bridget Bloom examines the move — variously described as a recipe for chaos, preposterous, arbitrary and slapdash. Page 40

Gifts from high-tech Australia

Be it giving a deaf child the gift of hearing, or getting a car with a flat battery to start by simply flicking a switch, Pacific Dunlop, one of Australia's leading industrial groups, views technological development as its platform for growth in the 1990s. Chris Sherwell examines the company's prospects and the bid it has launched for two Australian technology groups, Nucleus and Telectronics. Page 23

Rising spirits in Milan

There is a new spirit of optimism afoot on the Milan bourse. For the past two years the market has been lacklustre, but over the past three weeks alone the main share index has risen 5.6 per cent. The return of investors can be traced back to both the Italian macro-economic outlook and the political situation in Rome. Page 44

Banking in a cold climate

Not since the Great Depression of the 1930s has Norway's banking system been in such turmoil. The country's central bank and Guarantee Fund of the Commercial Banks intervened last month as lenders of last resort to Sunnmoersbanken, in the latest instalment of a run of bad news. This began last year when the banks suffered heavy losses on loans and securities trading. Central bank officials insist the dilemma is only a passing phase, but, privately, bankers are expressing alarm at the situation. Page 24

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Daimler-B	698	+	4.5
Kaufhof	401	+	7
Rheinelektra	1197	+	17
Volkswagen	275.8	+	4.8
Falls			
Beiersdorf	572	−	18

NEW YORK ($)

Rises			
Irving Bank	73⅜	+	3⅝
Kimberley-Clark	62⅜	+	3¾
Kroger	58¼	+	3
Pillsbury	58⅛	+	⅝
Falls			
Digital Equip.	88¼	−	3¾
Goodyear T&R	53⅝	−	3⅝

PARIS (FFr)

Rises			
Midi	1595	+	30
Pechelbronn	1159	+	31
Taittinger	3010	+	90
Falls			
Damart	2850	−	50
Radiotech.	635	−	15
Telemech El.	4452	−	48

TOKYO (Yen)

Rises			
Toho Gas	830	+	46
Nichireki Chem	1120	+	80
Osaka Gas	748	+	48
Falls			
Toyo Commun	1610	−	130
Kinugawa Rub	620	−	50
Yamatake-Honeywell	1530	−	110

LONDON (Pence)

Rises			
BICC	388	+	9
Boots	224	+	9
Burton Grp.	204	+	11
Courtaulds	286	+	8
Dawson Int.	227	+	11
FR Grp.	224	+	10
Harrisons & C	681	+	15
Heath (CE)	438	+	15
Invergordon	365	+	23
Ladbroke	451	+	8
Meyer Int.	384	+	13
Nat. West.	553	+	8
P & O Defd.	589	+	10
Racal Elect.	305	+	12
Reckitt Colman	918	+	25
Saatchi & S.	362	+	12
Shandwick	449	+	18
Scott. & New.	352½	+	11
Travis Arnold	575	+	73
Falls			
Dominion Print.	219	−	17
Grand Met.	444	−	10
Helical Bar	323	−	18
Illingworth M	198	−	18

Irving's chairman gives support for merger with BNY

By Anatole Kaletsky in New York

ONE of the longest running and most acrimonious takeover battles in US corporate history ground to a conclusion yesterday when Bank of New York announced that it had won the support of Mr Joseph Rice, the chairman of Irving Bank, for its $1.4bn offer to merge the two institutions.

Mr Rice said he would recommend approval of a marginally improved BNY offer, which would exchange each Irving share for 1.675 shares in BNY plus $15 in cash and warrants worth about $5. Although this offer, worth $75.48 per Irving share at yesterday morning's market prices, was almost 10 per cent better than the proposal that was previously on the table from BNY, it represented a hollow victory for Irving.

Yesterday's agreement was virtually identical to a deal first proposed by BNY on June 15 but subsequently withdrawn because of Irving's opposition. Even more galling for shareholders, yesterday's deal was less valuable than the original bid which BNY announced on September 25 last year, prior to the crash on Wall Street.

At that point, BNY was willing to swap each Irving share for $37.60 in cash and 1.01 shares in BNY, worth a total of more than $80.

Mr Rice's sudden surrender came within hours of a New York Supreme Court ruling which made void one of Irving's last remaining financial defences: the poison-pill provision designed to make a takeover prohibitively expensive without the approval of the bank's board.

With Mr Rice, its most vociferous opponent overcome, BNY was virtually certain of a positive reception at Irving's full board meeting on Friday. Under the terms of yesterday's agreement, BNY said it would invite all Irving's directors to join its board and provide Irving staff and management with unusually generous guarantees on employment and promotion. However, Mr Rice announced that he would retire on the consummation of the merger.

After the merger, the combined bank will have total assets of about $50bn and will become America's 11th biggest banking concern. It will enjoy a particularly dominant position in certain specialised businesses relating to the securities industry, including securities clearing, custody and issue of American Depositary Receipts for foreign companies wishing to be quoted on US stockmarkets.

The merger will establish a number of precedents crucial to many other businesses.

KIO's investment conundrum

Max Wilkinson on the policy options after this week's BP stake ruling

THE UK Government's decision to force Kuwait to halve its 21.7 per cent stake in British Petroleum may have less effect on relations between the two countries than on internal Kuwaiti arguments about overseas investment policies.

Yesterday, the state-owned Kuwait Investment Office retreated from the recent unwelcome burst of publicity to its accustomed secretiveness. From his London office yesterday, Mr Fouad Jaffar, general manager and deputy chairman of the fund, was referring callers to his lawyers.

Meanwhile, the British Foreign Office was putting out an emollient statement hoping that the disappointment would not adversely affect broader political relationships.

On Tuesday a Monopolies Commission recommendation that the KIO stake in BP should be reduced to 9.9 per cent within 12 months was accepted by Lord Young, the Trade and Industry Secretary. However, although this was undoubtedly a blow to Kuwaiti ambitions and provoked an angry reaction in Kuwait, speculation that the emirate would run down its investments in London seems wide of the mark.

With an estimated $25bn of funds invested in the UK across a wide range of assets, including a major property development on the south bank of the Thames, sovereign immunity from paying UK tax and close historic links with the Bank of England, the Kuwaitis are hardly likely to erode a position which has made them respected, feared and highly successful operators in the City.

Kuwait Investment Office's largest disclosed UK equity holdings

	% stake	approx market value £m
British Petroleum	21.7	3,146
Royal Bank of Scotland	11.9	119
Midland Bank	5.1	116
Hillsdown Holdings	7.53	83
Lep Group	19.95	26
Geest	13.96	24
Arlington Securities	16.2	19
Hogg Robinson	10.99	14
Britannia Arrow	4.28	11
Union Discount	8.91	8
Barry Wehmiller	14.6	6
King & Shaxson	10.2	2
DRG	6	31
INVESTMENT TRUSTS		
Scottish American	11.0	22.6
Fleming Japanese	12.7	19.0
English & Scottish (ord.)	10.6	8.5
British Empire Securities	12.1	6.5
Clydesdale	14.1	1.6
Saltire Insurance	14.3	1.8
Newmarket	20.1	n/a

In any case Mr Jaffar and Sheikh Ali Khalifa, the oil minister, are much too shrewd to have overlooked the fact that a 20 per cent stake in Britain's largest company and the world's third largest oil group would be politically risky. To buy so much in direct opposition to the wishes of British ministers was a bold move which was clearly likely to be referred to the Monopolies Commission.

Whether the motive was opportunistic buying, long-term investment or some wider strategic objective, this week's reversal is bound to re-open controversy within Kuwait about the role and style of the KIO, which has shown a much more public and apparently aggressive profile in recent years.

This summer the Kuwaiti Government set up a three-man commission to investigate the worldwide activities of the KIO and to report on whether it should be brought more under the control of the finance ministry.

The commission was partly the result of long standing rivalry between Sheikh Ali and the more cautious Mr Jasem al-Kharafi, minister of finance. Mr al Kharafi has for some time let it be known that he was unhappy with the abrasive stance being taken by the KIO, particularly in Spain where a major investment push aroused much political opposition, and more recently in relation to the BP acquisition.

Observers in Kuwait noted that two of the three commission members were broadly sympathetic to the finance minister and suspicious of the bolder flamboyant approach of Sheikh Ali, who was the most influential champion of the KIO, and its chairman, Sheikh Fahd Mohammed, also a member of the ruling al-Sabah family.

However, although the commission report has not been published, it is said to be broadly supportive of the KIO's independence and its generally shrewd investment policy.

The Monopolies Commission ruling will revive several questions raised by the sceptics, however. One is: why was the KIO deliberately antagonising the British Government after years of carefully cultivating an image of good citizenship?

Since the establishment of a Reserve Fund for Future Generations, now worth some $86bn and mostly managed by the KIO, the Kuwaitis have more than once accepted discreet hints from the Bank of England, which acts for it and provides a convenient veil of anonymity.

For example, when the KIO was building up its stake in the Royal Bank of Scotland and was wondering how far to go, it accepted friendly but firm guidance from the Bank to stop at 14.9 per cent which it accepted. In the case of BP, a somewhat less tactful injunction from ministers was publicly flouted.

Another question raised in the debate about the BP stake was why the an investment fund set up explicitly to diversify out of the oil industry should put a huge part of its portfolio in one oil company. BP's oil assets will run out long before Kuwait's vast reserves so the attraction of the purchase would presumably depend upon some possibility of putting Kuwait's reserves together with BP's refining, marketing and financial expertise.

Whether or not that made strategic sense, even dim speculation about such a re-integration raised huge political and commercial questions far removed from the perception of its other investments including large passive stakes in companies like Daimler Benz and Hoechst.

In a different way the $1bn incursion into Spain has also shown a vision and a willingness to interfere, much different from the perception of the KIO in its earlier years. Using the Catalan paper company, Torras Hosench as a stalking horse, the KIO built up a chemicals, food and banking conglomerate. The whole operation was based on a strategic view that Spanish industry and the Spanish capital market was ripe for a major phase of development, for which the KIO could be a catalyst and a beneficiary.

The monopolies report, by raising in a different way doubts which were already being expressed, may perhaps curb the aggressiveness of the KIO and perhaps put a rein on its greatest supporter Sheikh Ali. However, few in Kuwait believe the pause will be more than temporary.

Gold Fields calls for Reagan to block bid

By Clay Harris in London

CONSOLIDATED Gold Fields, the UK-based mining and construction materials group, yesterday asked President Ronald Reagan to block, on US national security grounds, the £2.9bn ($4.92bn) takeover bid from Minorco, the South African-controlled investment company.

Gold Fields and several of its US subsidiaries and associate companies claimed in their filing under the Defence Production Act that victory for Minorco would transfer ownership of important US reserves of gold and strategic minerals into the control of a "South African syndicate ultimately controlled by the industrialist Harry Oppenheimer."

In addition to gold and platinum, Gold Fields pointed to reserves of rutile (base material for titanium used in aircraft and special paint pigments), monazite (used in radar sets) and zircon (a constituent of alloys used to sheathe uranium pellets in nuclear reactors).

The Gold Fields petition is the first challenge under the Defence Production Act since it was amended this year to give the President powers to block takeovers or enforce divestment. The availability of raw materials to meet defence requirements is one test of security under the Act.

The President has 30 days to decide whether to order an investigation, which means he must make an announcement before the election on November 8. Investigators have up to 45 days to produce a report, after which Mr Reagan will have another 15 days to act on its findings.

At least one British bid has been blocked by US national security objections in recent years: Plessey's proposed purchase of Harris Corporation.

Yesterday's move is Gold Fields' latest effort to stoke up opposition to the bid by Luxembourg-based Minorco because of its South African connections.

How companies view KIO as a shareholder

HOW does the Kuwait Investment Office behave as a shareholder? "They have not interfered in any way," says the Royal Bank of Scotland, where the KIO's 11.9 per cent stake is second only in value to its controversial holding in British Petroleum.

The chief executive of a company where the KIO once held a significant stake, but has since sold out, goes further and describes the style as "faceless."

Another chief executive who had been in the same position agreed that he had been surprised at the KIO's "very very low key" approach. "They didn't want to see us; they were more distant than I had ever imagined," he said. But did not share purchases by the KIO make a company feel it had been put "into play"?

"Strangely enough, no," he replied. "If you don't know the Kuwaitis, when they turn up on the share register, you think you're in play. But then you learn they have their own long-term strategic reasons."

The KIO has not been above selling to possible predators, however, as the packaging group DRG discovered last month when the Kuwaitis sold 4 per cent of a 10 per cent holding to Pembridge Investments, a Bermuda-based company.

Among the UK companies which have seen KIO go in and out are Hanson, Scottish & Newcastle Breweries, Norton Opax, Newman Tonks, TI Group, Barratt Developments and Norfolk Capital

Clay Harris

Macmillan rejection of Maxwell triggers court room showdown

By Roderick Oram in New York and Raymond Snoddy in London

MACMILLAN, the New York publishing house, has rejected the latest takeover offer from Mr Robert Maxwell, the UK publisher, The US group said it was legally bound to accept a lower offer from Kohlberg Kravis Roberts.

The board's decision paves the way for a court room confrontation between the parties, reminiscent of the bitter and angry fight three years ago between Hanson Trust of the UK and Merrill Lynch, who faught over SCM, the US industrial group.

Macmillan said it would stick with the $90.05 a share cash and securities offer that it accepted from KKR last week. Mr Maxwell had tried to top this move with an all-cash bid of $90.25 a share, valuing Macmillan at more than $2.5bn.

His lawyers filed a brief in a Delaware court yesterday that was "a road map for the whole sorry charade" of the bidding process surrounding Macmillan, said Mr Robert Pirie, chief executive of Rothschild Inc., Mr Maxwell's New York financial advisers.

Mr Maxwell said last night the Macmillan action was "predictable, given the fast gavill merchants they have proven to be." The UK publisher claimed that every time he had made a bid the gavill had been frozen until something had been found to counter it. When KKR made a bid the gavill had come down with laser like speed.

In hearings beginning next Monday, Mr Maxwell's lawyers will try to show that Macmillan's managament unfairly helped KKR by tipping off the leveraged buy-out specialists about a higher bid from Mr Maxwell.

KKR subsequently raised its bid in what was supposed to be the final round of offers. Mr Maxwell was kept in the dark about KKR's position and therefore failed to raise his bid before Macmillan finally chose KKR.

Mr Maxwell's lawyers will also attempt to have ruled illegal the lock-up provisions agreed between KKR and Macmillan. If KKR's offer fails, Macmillan has granted it the right to buy four of its major divisions for $865m.

Mr Maxwell, determined to establish his credibility on Wall Street by finally nailing down a major US acquisition, has offered to pay $900m for the assets.

Hanson Trust faced the same situation with a lock-up agreement between SCM and Merrill Lynch, the Wall Street investment bank, designed to block the UK bid. The provision was overturned after an acrimonious court fight.

Generally US judges have tended to rule against provision that prematurely force a close to a bidding contest or give grounds for a company to accept a lower offer.

Indosuez in Saudi bank rescue

By Paul Betts in Paris

BANQUE INDOSUEZ, the banking subsidiary of the French privatised Suez financial group, and Thomson, the French state-controlled defence and electronics group, said yesterday they had taken over management of Al Saudi Banque as part of the rescue of the troubled Paris-based Saudi Arabian bank.

Indosuez will assume responsibility for the management and treasury of the bank, while Thomson has taken over the juridical responsibility.

Indosuez also indicated that a new shareholding structure would be established for Al Saudi which will see major new shareholders control the bank under Indosuez management responsibility.

These shareholders will include Indosuez, the Saudi Arabian Hariri group, Banque Al Saudi Fransi,in which Indosuez has a 40 per cent stake, and Thomson's banking subsidiary Batif.

Mr Jean Francois Henin, head of Thomson's Batif banking subsidiary, was also named yesterday the new chairman of the Saudi bank and Mr Vincent de Malherbe from Indosuez managing director.

The Al Saudi rescue has left a bitter taste in French banking circles following the Banque de France's decision to use for the first time its legal powers under the 1984 banking law to force all French credit institutions and local branches of foreign banks to back the rescue.

The Banque de France intervened in the affair largely to protect the reputation of the French financial markets.

The rescue agreed yesterday will see the new shareholders inject about FFr600m ($94m) to help reconstitute the bank's capital. The French banks and French subsidiaries of foreign banks, will advance FFr1.6bn in interest free loans over four years. The bank's creditors have also agreed to forgive 20 per cent of their outstanding loans to Al Saudi.

Thrifts aid estimate leaps $20bn

By Anatole Kaletsky in New York

MR DANNY WALL, chairman of the US Home Loan Bank Board, yesterday boosted his estimate for rescuing the country's 500 insolvent thrift institutions by nearly $20bn.

In raising his loss projections towards the $50bn to $80bn range which has long been suggested by analysts, Mr Wall also conceded for the first time that the financial burden of dealing with thrift insolvencies had become too great for the industry and its government-guaranteed fund to bear on their own.

Mr Wall estimated as recently as July 7 that the present cost of restoring the thrift industry to health would be only $30.9bn.

But he now maintains that his agency's latest analysis suggested a cost of between $45bn and $50bn. He said the jump in estimates was due to the higher-than-expected costs of inducing private investors to take over troubled thrifts and to continuing losses in much of the industry during the second quarter.

He added that this latest estimate was also subject to revision.

Speaking before the Senate budget committee, Mr Wall reiterated his pleas to Congress to extend explicit government guarantees to all the obligations of the Federal Savings and Loan Insurance Corporation (FSLIC), the supposedly self-financing insurance fund which his agency manages.

He also suggested that one way of solving the thrift industry's problems might be to levy new charges on the country's commercial banks.

The alternative of extending or increasing special insurance levies on thrift institutions' deposits would be "an exceedingly heavy burden" for the thrift industry to bear, he said.

However, Mr Wall urged Congress and the Administration not to take hasty action over the industry's problems. It would be preferable to re-examine the whole structure of deposit insurance for both thrifts and banks, instead of acting on the basis of current economic conditions, he said.

In the meantime, the thrift industry could be restored to health by the issue of FSLIC promissory notes. These could provide an interim solution, while Congress looked for an alternative to the use of taxpayers' funds in resolving the problems.

Goodyear shares fall after weak forecast

By John Griffiths

GOODYEAR, the world's largest tyre maker, expects third-quarter earnings of around $1.10 per share, well down on the $2.98 per share earned in the 1987 quarter.

Mr Robert Mercer, the chairman, attributed the fall primarily to sharply increased raw material costs and a lag in recovering them through higher prices.

He said higher employee benefit costs and reduced production efficiencies in the US as a result of an exceptionally hot summer had also contributed to the lower profit estimate.

A recovery was expected in the fourth quarter, but it probably would not be enough to offset the "disappointing" third quarter, said Mr Mercer.

Last year's third-quarter earnings were inflated by 88 cents per share of exceptional items, as Goodyear continued its restructuring after fending off a hostile takeover bid from Sir James Goldsmith which left the group deeply in debt.

Even so, Wall Street was clearly not impressed by yesterday's estimate, and marked Goodyear's shares down $4¼ to $53 in early trading. The company said it would report its third-quarter and nine-month results formally on October 25.

Goodyear made a record net profit of $770.9m or $12.73 per share last year, on net sales of $9.9bn, up sharply from $124.1m on a $9.04bn turnover a year earlier, although nearly $260m of this was accounted for by asset sales.

Sales in this year's first half were up by a further 10.9 per cent, although profits were less than hoped for at $6.63 per share, or $230.2m.

The company has been giving priority to reducing the heavy debt burden it is still carrying from having spent $2.6bn to fend off the Goldsmith "raid."

Mr Mercer declared only last week that the debt burden would be reduced to 50 per cent of capital by the end of next year, compared with 67 per cent now and 82 per cent in the immediate aftermath of the takeover bid.

Varity closer to merger agreement with Fruehauf

By David Owen in Toronto

VARITY, THE Canadian agricultural and industrial equipment manufacturer, and Fruehauf Corporation of Detroit have signed a letter of intent to continue negotiating a deal which would turn Fruehauf into a wholly-owned Varity subsidiary.

The existence of discussions between the two sides was made public in August. Varity – the former Massey-Ferguson – is particularly interested in Fruehauf's Kelsey-Hayes automotive parts unit. If negotiations are successful, Varity is expected to spin off the US company's trailer business.

Under the terms of the proposed transaction, Toronto-based Varity would acquire all outstanding Fruehauf common shares in exchange for Varity stock. The ratio of the exchange would be about two shares of Varity stock per Fruehauf share.

The letter will expire if agreement has not been executed by the end of this month.

The takeover of Fruehauf, whose revenues in 1987 totalled US$1.85bn, would be consistent with Varity's current strategy of diversification through acquisition. It would also enable the company to utilise some of its US$1bn in US tax-loss carry-forwards.

Meanwhile, Fruehauf is to sell certain assets and 20 per cent of the outstanding common shares of its Paceco crane manufacturing offshoot to a subsidiary of Mitsui Engineering and Shipbuilding for $20m.

It said that a newly formed unit of Mitsui agreed to buy the patents, trademarks and certain other intangible assets of Paceco's container handling crane business. Mitsui has been Paceco's licensee.

KKR raises offer for Kroger

By Roderick Oram in New York

KOHLBERG KRAVIS Roberts, the leveraged buy-out specialist, has increased its offer for Kroger, the second largest publicly traded US supermarket chain, in the hope of pre-empting the Kroger management's recapitalisation plan.

KKR is offering $64 in cash and securities for a total of about $5.04bn, compared with $58.50 cash and paper in its initial offer. Management rejected the first KKR bid, to pursue its own plans to remain independent. It is offering $40 cash and $8 of junk bonds leaving the common stock with an estiamted residual value of between $9 and $13 a share.

The new KKRT offer consists of $50 cash, $11 in junk bonds and a continuing equity interest worth about $3 a share. If Kroger paid its cash dividend and junk bonds, KKR would make an amended offer for the residual common stock of $10 cash and $3.50 in junk bonds.

French bank lifts interim 26%

By Paul Betts in Paris

CREDIT COMMERCIAL de France, the privatised French banking group, yesterday reported a 26.2 per cent increase in its first-half consolidated net profits to FFr275.6m ($43.5m) from FFr218m in the first half of last year.

However, the bank said the results reflected changes in accounting methods this year and modifications in the 1987 figures following changes in the consolidation structure as a result of the sale of some banking subsidiaries.

CCF said that on a comparable basis, net profits in the first half would have increased by 10.3 per cent to FFr240.8m compared with the year-ago period.

Gross operating profits before provisions rose by 9.7 per cent to FFr968.4m in the first half, net interest and commission income by 8 per cent to FFr3.6bn and general costs by 7.3 per cent.

Provisions increased 26.4 per cent to FFr776m in the period, including a sharp rise in sovereign state risks of FFr419m, compared with FFr230m last year.

CCF said large capital gains from security portfolio operations enabled the bank to strengthen significantly its provisions.

It added that its French banking operations had grown strongly. Medium- and long-term loans to companies had risen by 30 per cent while loans to individuals increased by 25 per cent. After several years of sizeable growth individual deposits rose by 8 per cent.

● Cerus, the French holding company of Mr Carlo De Benedetti, the Italian businessman, yesterday reported a 38 per cent drop in first-half consolidated net profits to FFr120m from FFr194m in the same period last year.

However, the company said consolidated profits for the whole year are expected to be higher, totalling between FFr350m and FFr400m, against FFr306m last year.

The sale of 7.75m Société Générale de Belgique shares to the French Suez group, the recent FFr2bn capital increase, coupled with a SFr150m bond issue, had strengthened the Cerus balance sheet and improved operating accounts.

Cerus also said that Valeo, the French car components group in which it owns a 20 per cent stake and has management control, had reported strong first half profits of FFr535m.

Yves St Laurent, another affiliate, was expected to report higher turnover this year, while the Dumenil Leble financial group was forecast to report first half net profits of about FFr165m for the first half of this year.

Silicon Graphics goes low-cost

By Louise Kehoe in San Francisco

SILICON Graphics, a leading US supplier of computers used in computer aided design, has launched a range of computer workstations that dramatically reduce the cost of sophisticated three-dimensional graphics computing.

The Silicon Graphics "personal 3-D workstations" represent a significant challenge to leading workstation manufacturers including Sun, Apollo, Digital Equipment and Hewlett-Packard.

With prices starting at $16,000, the Silicon Graphics "Personal IRIS" workstations significantly undercut prices of comparable machines from other companies. Most 3-D graphics workstations sell for $50,000 or more.

Three dimensional graphics workstations are used in industrial design and scientific work such as molecular modelling or fluid dynamics and in animation but their high cost has limited their use. Individual designers or researchers, for example, typically use a cheaper 2-D graphics system and switch to a shared 3-D system to complete a model.

Silicon Graphics, which has previously concentrated on high-end systems, will compete directly in this emerging market with Hewlett-Packard which launched a $25,000 3-D workstation in July.

Venezuelans buy rest of US refinery

By Joseph Mann in Caracas

VENEZUALA'S national oil company, Petroleos de Venezuela (PDVSA), will pay $50m to Union Pacific of the US to become the sole owner of Champlin Refining Company, which owns a major oil refinery in Texas. In effect, Union Pacific will receive a total of around $75m in the transaction.

The deal will give PDVSA full ownership of an important oil refinery in the US.

The move is part of an ambitious overseas expansion programme under which the Venezualan company has invested more than $400m to acquire shares in oil refining and distribution systems in West Germany, Sweden and the US. PDVSA also holds 50 per cent of another large American refiner, Citgo Corporation.

Since early 1987, PDVSA and Union Pacific have been equal partners in Champlin, whose principal asset is a modern, 160,000 barrel per day refinery in Corpus Christi, Texas.

PDVSA recently decided to exercise an option under which it could obtain Union Pacific's 50 per cent holding in Champlin in return for $50m, plus $25m in retained earnings due to Union Pacific 1987 operations.

Nippon Oil agrees to Texaco venture

NIPPON OIL of Japan has agreed in principle with Texaco of the US to explore jointly for oil in an onshore field on Alaska's North Slope, Our Financial Staff writes.

Nippon Oil will pay Texaco risk money of between Y2.5bn and Y3.5bn ($26.3m) for the project.

Data General introduces superminicomputer range

By Our San Francisco Correspondent

DATA GENERAL of the US has announced a range of minicomputers to extend its product line into the higher performance and faster growing "superminicomputer" sector. The systems cover a performance range of 14m to 50m instructions per second, an industry record for superminicomputers.

Like most minicomputer manufacturers, Data General has seen its traditional markets eroded by competition from high- performance, low cost, workstations. The company now aims to boost its growth by targeting the transaction processing market.

Banks, retailers and airlines employ such systems – in which many users simultaneously access and update information stored in centralised databases.

The company also announced "high availability" models that are designed to handle critical business applications where a system failure cannot be tolerated. In case of a component failure, the system automatically reconfigures itself within seconds without loosing data.

The company said that it had already received orders valued at more than $30m for the new systems, including a $20m order from the French air-traffic control organisation, Service Technique de la Navigation Aerienne (STNA), as part of a five-year, $35m contract to install computers in five regions of France.

National Semi and Thomson launch chip

NATIONAL Semiconductor and SGS-Thomson have announced joint entry into the market for semiconductor devices used in communications equipment based on integrated services digital network (ISDN) standards, writes Louise Kehoe.

The two companies introduced a set of semiconductor chips designed to implement ISDN protocols. The communications chips are the first developed under a technology agreement signed in 1986.

ISDN is a worldwide telecommunications network.

Worldwide ISDN revenues for makers of switching systems are expected to grow from $200m this year to $6.5bn by 1992, according to a market study by In-Stat, an electronics industry research concern.

Car batteries and condoms take Pacific Dunlop into 1990s

Chris Sherwell reports on an Australian industrial group's product diversification aimed to reach into and beyond the next decade

A bionic ear implant to cure deafness and a car battery with an emergency reserve charge are joining condoms, cables and sports equipment as products that Pacific Dunlop, one of Australia's leading industrial groups, sees as components for its expansion into the 1990s.

The Melbourne-based company's new Switch battery has, as its name implies, a yellow switch which, when flicked to reserve, allows a "flat" battery to get the vehicle back on the road. Developed, designed, made and marketed in Australia, it is poised to cause a minor sensation in the world motor industry.

Equally notable is its takeover, now under way, of two quoted Australian technology groups, Nucleus and its 75 per cent-owned subsidiary, Telectronics. An implant behind the ear, bringing good hearing to children deaf since birth, is one of several products the Nucleus group has developed and marketed in life-sustaining technology.

According to Mr Philip Brass, managing director of Pacific Dunlop since January, the Switch battery and its progenitor, the Pulsar battery, together with the Nucleus group's products, are key planks in the diversified company's platform for growth.

It is a platform which needs to be solid if he is to replicate the achievements of his predecessor and mentor, Mr John Gough. Between 1980 and 1987, Mr Gough oversaw an expansion in group sales to A$2.7bn (US$2.1bn) from A$724m and a rise in attributable profits to A$140m from A$21m.

Last month Mr Brass reported another year both of record revenues (A$3.6bn) and earnings (A$186m), well above market expectations. The results mean that the group has achieved a remarkable compound annual growth rate in earnings since 1980 of 30.5 per cent.

Pacific Dunlop has managed this by improving its now traditional businesses, for example tyres, latex products, sports gear, footwear and clothing, and by diversifying, mostly through acquisition, into areas such as batteries, electrical cables, foam and fibre products, and wholesale distribution.

Above all, it has made a determined shift offshore, so that its international operations are now responsible for just over a third of sales and operating profits.

To come this far, the group has moved with bewildering speed, averaging an acquisition every few weeks. The latest came last month with the A$256m purchase of the Repco automotive parts distribution business from the troubled Ariadne group.

But the obvious question has arisen from the strategic direction the group should follow over the coming decade. With Australia's system of tariff protection for industry breaking down, can Pacific Dunlop continue expanding as a manufacturer in Australia? And, if not, where do future profits lie?

Mr Brass, who is 40 and rose to the top through the group's footwear division, says: "We have a preference to produce in Australia. But we're very unemotional about these things. We'll close uneconomic factories down if necessary."

Known as more of a marketing than a manufacturing man, Mr Brass is thought likely emphasise distribution activities and streamline its manufacturing businesses.

In practice that will mean doing more of its manufacturing business offshore.

The trends are visible too in the latex products division. Because of the worldwide AIDS scare, demand for condoms and surgical and medical examination gloves has soared. Ansell International, which Pacific Dunlop acquired in 1969, has invested A$100m over the past three years, and will spend another A$70m this year in Sri Lanka and Thailand.

With plants in the US, UK and South-East Asia, it now leads the world in the manufacture, marketing and distribution of these products – and also has nearly 10 per cent of the world market for balloons. Sales, at A$344m in the past year, have doubled since 1985.

The innovative Switch and Pulsar batteries are expected to increase sales further. Though based on conventional battery chemistry, the Pulsar is smaller and lighter, is simpler and cheaper to produce, withstands vibration more easily and needs no maintenance.

However, the Pulsar has failed to catch on with the driver-in-the-street, who believes, wrongly, that smaller means less powerful. It is a marketing problem that Mr Brass may be better placed to address. In spite of this setback, Pacific Dunlop remains an analysts' darling, and critical comments from the securities industry are rare.

The two-in-one Switch, which is the same size as a conventional battery, is being manufactured in Pacific Dunlop's Pulsar plant near Melbourne and is being test-marketed under the Exide name in Adelaide and Brisbane. In the US, where the Switch will be marketed next year under the Champion brand, an A$24m factory to produce 500,000 batteries a year is nearing completion in Georgia.

According to Mr Brass, production will soon move to 2m batteries a year in the US using one of the GNB plants, and the overall aim is 10 per cent of the premium battery market. At US$60 per battery, that would generate another US$120m in sales.

His ambitions for the Nucleus group are similarly expansive. Mr Paul Trainor, the brains behind Nucleus and Telectronics, sought out Pacific Dunlop when he realised he needed more financial and managerial muscle if his heavily geared group was not to fall prey to an unwanted outsider. The all-share takeover is due to be completed next month.

Sales for Nucleus climbed to A$230m in calendar 1987, up from A$60m five years earlier. Mr Trainor was forecasting sales of A$500m by 1990. Mr Brass, more conservatively, says he can count on A$400m, and a A$30m contribution to profit. But there is no doubt that both sides want it to form a big part of the evolving Pacific Dunlop group.

"We were just a manufacturer," says Mr Brass of the overall strategy. "We aren't any longer. We're a manufacturing and distribution company motivated by what is happening in the market place." That means businesses must perform or go, and that expansion will be into activities that are internationally competitive, unreliant on protection, have minimum labour and capital intensity and the highest return.

Bridge Oil acquires Petrus for $112m

By Chris Sherwell in Sydney

BRIDGE OIL, an Australian oil and gas producer and explorer, is to double its daily production and increase reserves by some 62 per cent through a US$112m purchase of Petrus Oil of the US.

The acquisition of Petrus, a privately owned US petroleum group based in Dallas, enhances Bridge's standing as a medium-sized Australian producer. But while the group ranks well ahead of such companies as Petro Oil and Ampol, it lags far behind larger groups like BHP and Santos.

Bridge said the purchase would lift production from 10,000 barrels of oil equivalent daily to 20,000 b/d. Petrus's total proven and probable reserves amounted to 13.7m barrels of oil and 61.7bn cu ft of gas, or 27.3m barrels of oil equivalent (mboe), and this would increase its reserves to 71 mboe.

The acquisition price is based on US$4 per barrel of oil and 70 US cents per 1,000 cu ft of gas – higher than the attractive US$1.50 per barrel deal last year when Bridge took over the management of Pin Oak Petroleum of San Antonio and acquired the right to buy in fields.

Bridge will finance the acquisition from borrowings and from a A$77.5m (US$61m) commitment by Elders Resources NZFP, Bridge's largest shareholder, to underwrite the conversion of 155m Bridge options due by next year.

Tokyu buys Dragon Seed

By Michael Murray in Hong Kong

TOKYU Department Store of Japan is expanding its presence in Hong Kong's booming retailing sector with the purchase of the territory's Dragon Seed chain from First Pacific, the trading and investment company.

Included in the deal is the strategically located Dragon Seed Building in the Central business district, for which Tokyu is to pay HK$335m (US$42.9m). The 10-store retail chain has also been acquired for an undisclosed sum.

It is only two months since First Pacific bought out its partners to make Dragon Seed a wholly owned subsidiary, at the same time selling the Dragon Seed Building to a joint venture comprising First Pacific's own property investment arm and LET Pacific, part of London and Edinburgh Trust.

Tokyu already has several stores overseas, including one in Hong Kong, where Japanese companies dominate the department store sector.

INTERNATIONAL COMPANIES AND FINANCE

A bumpy road ahead for Norway's banks

Karen Fossli looks at a sector in turmoil as losses are forecast to double

ONE COULD easily be forgiven for thinking that Norway's banking system is on the verge of collapse. Not since the Great Depression 60 years ago have the banks experienced such turmoil.

The intervention last month by Norway's central bank and the Guarantee Fund of the Commercial Banks as lenders of last resort to Sunnmoersbanken, a medium-sized Norwegian bank, was just the latest in a run of bad news which began last year when the banks suffered heavy losses on loans and securities trading.

The sector's problems were underlined this week when Norway's Banking, Securities, Insurance and Exchange Commission forecast record losses of NKr5.95bn for the entire banking sector, nearly double the NKr3.1bn deficit recorded in 1987.

Central bank officials insist that Sunnmoersbanken is an isolated case. However, this is in sharp contrast to a statement made in a Norwegian radio interview – later retracted – by a senior commission official who said the banks were "in a slimming process which could fuel other insolvencies."

Privately, bankers expressed alarm at the commission official's prediction, and charged that it was irresponsible, unjustified and unnecessary during a time of crisis.

The Sunnmoersbanken intervention was met with relief from international credit rating agencies, however, where executives say that the move demonstrated the central bank's resolve to ensure banks' liquidities.

Last year Mr Hermod Skaanland, governor of the central bank, issued a statement of support for the banks' liquidity position at the time they were sucked into their economic maelstrom. However, until now this commitment had not been tested.

The international capital markets have felt ill at ease with Norway since last year when the Government refused to honour the financial obligations of Kongsberg Vaapenfabrikk, the state-owned arms maker. Norway's international credit standing has, at best, been precarious since 1986 when oil prices went into free-fall, wreaking havoc with the country's oil-dependent economy.

The effects of low oil prices sent shock waves through the banks which were highly exposed on loans to the oil sector. Then came the world stock market crash to add to the banks' woes at a time when their securities portfolios were bulging.

The biggest loser was Den norske Creditbank (DnC), once Norway's largest bank, which has since implemented a radical restructuring and sweeping changes to its executive management.

Yet the turmoil continues.

Kristian Rambjoer: 'Clean-up' job at DnC

The commercial banks alone are likely to experience record losses of NKr4.17bn this year, according to this week's figures, against NKr3.1bn in 1987. The savings banks are not doing much better.

After a period of deregulation in the 1980s, competition among the banks was fuelled by a credit-inspired boom. Temptations to lend beyond normal bounds were strengthened by the lack of internal controls.

Now economic austerity measures introduced by the Government are forcing record bankruptcies which are hitting the banks this year in their most vulnerable areas.

Despite protests from consumer affairs officials, the banks are poised to increase service charges in an effort to recover some of the revenue lost on high operating costs.

Significant staff reductions in both commercial and savings banks are under way. Mr Kristian Rambjoer, DnC's new chief, started his "clean-up" job at the bank in August.

His nickname "Rambo" is an obvious one but it is underpinned by his reputation for taking the hard-line to get the results he wants. Between 1982 and 1985 he was instrumental in reorganising Aker Norcem, now one of Norway's largest industrial groups. For DnC, he says his strategy will include:

- Divestment of assets which do not give a satisfactory return. In practice, he says, this will mean a divestment in items on the balance sheet to comply with the government's existing and future capital ratio requirements. These are currently at 6.5 per cent and in future must meet Cook Committee recommendations for 1992.
- Concentration on business unit functions to restore DnC's competitive edge by the 1990s. This means a more cost-efficient, streamlined organisation and up to 1200 job cuts.
- Increased spreads on lending to give a better balance between the size of the bank in terms of assets and its costs.

DnC's losses this year are forecast to exceed the record deficit last year of NKr1.03bn. But DnC is not alone. The other two big commercial banks, Christiania and Bergen Bank, are expected to report losses as well.

However, raising new capital has not been possible in Norway's sagging stock market. Bergen Bank was recently forced to postpone a one-for-five rights issue to raise NKr302m because of weakness in the domestic market.

Meanwhile, although most of the savings banks are expected to increase operating earnings slightly this year, their net losses after loan write-offs are expected to climb to NKr1.78bn from NKr1.24bn in 1987.

Further, it is forecast that the top five savings banks are likely to record net losses.

The road to recovery for Norway's banks will be long and bumpy. The impossibility of raising fresh equity capital will pose difficulties for meeting capital ratio requirements.

In addition, the government's austerity measures, coupled with tax increases for high earners, will continue to generate loan losses. And the same time the banks' self-imposed, newfound restrictive lending policies could push the economy into stagnation.

This will make it all the more difficult for the banks to prepare for the challenges of 1992 in a country which so far remains outside the European Community.

Allianz expects rise in profits

By Haig Simonian in Frankfurt

ALLIANZ, Europe's biggest insurance company, is set to raise its premium income to DM28bn ($14.9bn) this year from DM25.9bn in 1987. Group pre-tax profits, which fell to DM775m last year, should also rise on target, according to Mr Wolfgang Schieren, chief executive.

However, profits for the year are likely to remain around the same level as in 1987 owing to higher tax payments, he said at the annual shareholders' meeting in Munich. As a result, the dividend was not likely to change from the DM12 a share paid last year.

Allianz's domestic non-life business, which looks set to increase its premiums to DM3.4bn, had done better than in 1987, said Mr Schieren, with a lower level of claims and an across-the-board improvement in underwriting earnings.

Meanwhile, premiums at Allianz's European operations had increased more quickly than at home and should all be showing two-digit rates of growth, he said. US business had also grown substantially and premiums would, for once, also be boosted by the strength of the dollar

Mr Schieren warned of the likely challenge from UK insurance brokers and Lloyd's in the German domestic market after 1992.

Oce earnings edge up

By Laura Raun in Amsterdam

OCE-VAN Der Grinten, the Dutch photocopier maker, lifted its earnings modestly in the third quarter and raised its full-year profit forecast thanks to better business in design engineering copiers.

Net income rose 4 per cent to Fl 17.2m ($8.2m) in the third quarter ended August 31 from Fl 16.6m a year earlier on favourable exchange rates and better efficiency as well as design engineering copiers.

For all of 1988, Oce expects profits to equal last year's Fl 75m. Previously it had indicated that a decline was possible. Sales were flat at Fl 444.8m in the third quarter compared with Fl 444.4m a year earlier, partly due to the disposal of OSA-Holdings, Oce's South African arm. For the first nine months net income slipped 2 per cent to Fl 54.9m from Fl 56.1m in the like period of 1987.

INTERNATIONAL APPOINTMENTS

Change of helmsman at L'Oréal

L'OREAL, of France, one of the world's leaders in the cosmetics industry and also a manufacturer of pharmaceuticals, has appointed as chairman and chief executive officer Mr Lindsay Owen-Jones.

Mr Charles Zviak, who has served as chairman since 1984, stated last year that he did not wish to continue in the role after this September.

Since joining L'Oréal in 1969, Mr Owen-Jones, who is of Welsh blood, Oxford-educated and now aged 42, has led a mainly international career with the group. In 1981, he became president of Cosmair Inc., exclusive agent for L'Oréal in the US.

He returned to Paris in 1984 to assume the posts of president and chief operating officer at L'Oréal, vice president of the management committee and a director of the board.

The L'Oréal board has also confirmed the appointment of Mr Marc Ladreit de Lacharriere as executive vice president and a member of the board of directors.

★★★

AT MOBIL, second-largest US oil producer, Mr James Q. Riordan, vice-chairman and chief financial officer, plans to retire on October 1 next year. His position as chief financial officer will be filled by Mr Lucio A. Noto at the start of 1989.

For a three-month transition period from this October 1, Mr Noto, aged 50, has been made vice president, finance, reporting to Mr Riordan. At the turn of the year, Mr Noto, in his new post, will be reporting to Mr Allen Murray, chairman and chief executive. Mr Riordan, 61, joined Mobil in 1957.

Mr John P. Keehan, 53, has switched from vice president, producing, to Mr Noto's previous role of vice president, planning and economics.

★★★

CONSOLIDATED-Bathurst, the Canadian pulp, paper and packaging group 40 per cent-owned by Power Corporation of Canada, has named Mr T. Oscar Stangeland chairman in succession to Mr William I. Turner Jr, who has resigned from the post but has been appointed deputy chairman.

Mr Stangeland's role of president has been given to Mr Guy Coulombe, previously president of Hydro-Quebec, Canada's largest electric utility.

Mr Turner has become chief executive officer of a new industrial holding company recently set up by Power for investment in Canadian and international projects.

★★★

AT REYNOLDS Metals, second-largest US aluminium group, Mr John M. Lowrie, 48, will become general manager of the consumer products division from next Monday. He succeeds Mr Scott D. Wyllie, who is taking early retirement.

★★★

THE New York Mercantile Exchange (Nymex), which deals in commodities futures and options and is the world's biggest oil futures market, elected as vice chairman Mr William M. Berger. He succeeds Mr Z. Lou Guttman, who became chairman a month ago.

★★★

GEORGE WIMPEY, a leading UK-based housebuilding and construction group, named Mr M.R. Kite chairman of George Wimpey Australia.

This follows the retirement of Mr B.G. Granger from the post, but he is remaining with the Australian subsidiary as a non-executive director.

INTERNATIONAL COMPANIES AND FINANCE

Grupo March merges two investment offshoots

By Peter Bruce in Madrid

GRUPO MARCH, the big Spanish banking and industrial group, is merging its two quoted investment companies, Inversiones Balboa and Corporacion Financiera Alba, in an operation that will create an important Spanish holding company worth $940m at current stock prices.

Trading in both shares, in which British and other European institutions have significant holdings, has been suspended until next Monday. In effect, Alba is absorbing Balboa, the smaller of the two, which is capitalised at just $210m on the Madrid market.

Balboa shareholders are to be offered one new Alba share for each Balboa share.

A spokesman for the March group said that the move was aggressive and not defensive. A number of Spanish banks with quoted investment companies have recently made expensive offers for outstanding shares to prevent them being raided. The March group will control more than 70 per cent of the merged Alba-Balboa unit, which it then hopes to use as an investment tool in Europe.

Alba used to be known as a cement producer but sold its production facilities to Holderbank in 1986 to concentrate on investments in, among others, the banking, retailing, chemicals and construction sectors. Through it, the March family holds small stakes in Banco Hispano Americano and Banco Popular, two of Spain's biggest banks.

Balboa, which has been in business since 1965, is an investment trust and as such, in Spain, is limited in the size of holding it can take in any one company. Its investment portfolio is worth some Pta 25.5bn ($207m).

British companies boost US takeovers

By Clay Harris in London

BRITISH companies have already made more acquisitions in the US this year than in the whole of 1987, J.P. Mervis & Co, the London-based corporate finance adviser, said yesterday.

Despite the increase to 335 successful takeovers, against 314 last year, the total price paid for them was lower at $20.6bn compared with $27.2bn in the first nine months of 1987 and $29.2bn in the full year.

The figures for 1988 do not include the current $2.6bn bid for Macmillan, the publisher, by Maxwell Communication Corporation and the $5.23bn offer launched on Tuesday by Grand Metropolitan for Pillsbury, the food and restaurant company.

Including these offers, UK companies have made five bids worth $1bn or more for US groups. The other three, all eventually successful, were BAT Industries for Farmers Group, Beazer for Koppers and Tate & Lyle for Staley Continental.

The distribution of bids within business sectors has been much the same this year as in 1987, Mervis said.

London SE cuts settlement staff

THE LONDON Stock Exchange announced yesterday that it is cutting about 85 jobs out of a total of 680 from its settlements department as a result of the slowdown in the volume of trading since last October's crash.

The number of bargains transacted and requiring settlement daily has fallen by about 50 per cent since its peak in the middle of last year.

Pennzoil on prowl for oil deals

PENNZOIL, the US oil company which is scouring the oil industry to spend its $3bn windfall from Texaco, will not rule out a hostile bid for a company, said Mr Randal McDonald, chief executive, Reuter reports from New York.

"I don't think you ever rule that out," Mr McDonald said in his first extensive interview since assuming the chief executive post from Mr J. Hugh Liedtke, founder and chairman, in April.

Although Mr McDonald said any deal would likely be friendly, the company has refused to have its hands tied against making a raid in the oil patch. The $3bn stemmed from a settlement of a long-running damages case following Texaco's takeover of Getty Oil.

Pennzoil, for instance, decided not to bid on the $4bn-$5bn worth of Tenneco oil and gas assets up for sale because of a standstill agreement Tenneco demanded in the bidding process.

Under the pact, bidders pledged they would not make a future raid on the winner of the auction.

"We couldn't say we will standstill against all of those companies out there that might acquire these properties," Mr McDonald said. Under those conditions, the company decided not to bid for the Tenneco properties.

Raids are nothing new to Pennzoil, which is thought to have invented the hostile tender offer in its 1965 acquisition of Union Gas, a company many times its size.

"It was like the gnat swallowing the elephant," said Mr McDonald, who as an accountant from Arthur Andersen helped Mr Liedtke on the deal.

Mr McDonald's current task is to complete Mr Liedtke's vision of creating a major oil company – a vision that drove Mr Liedtke to seek Getty Oil in 1983 and then sue when he lost the prey to Texaco, which bought Getty for $10bn.

Mr McDonald said the company now has about $2.3bn cash left for a deal – yielding about $525,000 a day in interest – and could borrow more to spend up to $7bn in an acquisition.

Pennzoil will pay $912m in taxes on the settlement gain but is set on investing the money in the oil business by 1991 to prevent additional taxes. "We have another two years and three months to find a home for the money," Mr McDonald said.

Pennzoil hopes to become an intergrated oil company with a refining and marketing arm and possibly a chemicals operation, Mr McDonald said, but he added the goal might not be possible at current prices.

Although Pennzoil has a team actively studying a number of candidates, McDonald said he has not yet approached any company about doing a deal.

TRIG set to lose record UK trust battle

By Nikki Tait in London

THE BRITISH Coal Pension Funds look set to announce victory today in their hostile £560m ($954m) bid for TR Industrial & General, Britain's third largest investment trust.

The 129.5p-a-share bid, the largest ever seen in the £20bn investment trust sector, reached its first close yesterday without any formal announcement about the level of acceptances received.

However, the pension funds were free to purchase more shares in the market after 3.30pm, and by the time the market closed, 103m shares had been traded. Allowing for the two-way dealing, this suggested that around 12 per cent of the company's equity may have changed hands.

The pension funds already held 36.1 per cent of their target and last night it was believed that the level of acceptances would be sufficient to take the trust over the 50 per cent level. An announcement will be made this morning.

Yesterday morning, the Office of Fair Trading announced that the bid would not be referred to the Monopolies Commission.

TRIG had argued that the offer had implications for the investment trust movement generally, and the prospective competition faced by its main rival, the unit trust industry.

The pension funds, with £10bn of assets under management, embarked on the bid following the acquisition of a 6.8 per cent stake in TRIG from Standard Life, which together with an existing 29.3 per cent took them through the 30 per cent-level at which a full bid must be made.

Lex, Page 20

Sterling deals fill gap left by becalmed dollar sector

By Dominique Jackson

TWO NEW sterling deals were launched yesterday as the Eurobond market awaited Friday's US jobs data. Secondary Eurodollar bond prices were bolstered by falling crude oil prices but, as expected, no new dollar straights emerged.

The fixed-rate Eurosterling sector saw its first issue for almost a month with a £60m five-year issue at 10⅞ per cent and 101½ for Ford Credit Funding, led by Hambros.

The deal, which was not swapped, saw steady demand throughout Continental Europe and particularly in the Benelux countries, where several banks have recently published strong recommendations to buy sterling instruments, according to the lead manager.

The yield spread at launch over comparable gilt-edged issues was pitched at 46 basis points, which was deemed a little on the tight side by some dealers, although it represents three to four basis points' premium over seasoned issues from the same borrower.

The issue is expected to be aided by a shortage of supply in the primary market and benefited yesterday from the stronger tone seen in the gilt market.

However, the five-year area

INTERNATIONAL BONDS

of the gilt market has been rather lacklustre of late and, while the Bank of England is reported to be actively buying stock, this will not necessarily aid the Eurosterling sector.

Kleinwort Benson was the lead manager on a £120m mortgage-backed floating-rate note issued by Mortgage Funding Corporation No 3. Nominal final maturity on the notes is 2023 but the average expected life is between seven and eight years.

The issue is backed by a pool of Allied Dunbar's mortgages.

The mortgage-backed area of the sterling FRN market continues to expand rapidly and some dealers said demand was beginning to outstrip supply as the understanding of the securities broadened almost daily. Increasingly, new issues in the area are heavily oversubscribed, as was the case with this deal and with last week's £220m issue for Mortgage Securities No 1 via J.P. Morgan.

Hambros also brought a NZ$60m three-year issue for Svenska Handelsbanken, taking advantage both of an attractive swap opportunity and of continued retail demand for the currency. The issue, which carries a 14 per cent coupon, was well bid at a discount of 1.20, comfortably within fees.

The Euromark sector saw a rare appearance from a Spanish borrower, Banesto Finance – a subordinated DM200m issue with equity warrants, backed by the parent Banco Espanol de Credito. The coupon is indicated between 2½ per cent and 2⅝. It was initially bid about 100⅝ but later fell back to around a bid of 99¾.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Bridgestone Corp.♦	300	(5)	100	1992	2¼/1½	Nomura Int.
Sakai Chemical Ind.♦	70	(5⅜)	100	1992	2¼/1½	Nikko Secs.(Europe)
AUSTRALIAN DOLLARS						
PIBA◆	50	13½	100⅞	1993	2/1¼	Kredietbank Int.
NEW ZEALAND DOLLARS						
Svenska Handelsbkn◆	60	14	101⅞	1991	1½/1	Hambros Bank
D-MARKS						
Banesto Finance♦	200	(2½-2⅝)	100	1993	2¼/1½	Morgan Stanley
DG Bank (Lux.)★★◆	100	5½	100	1992	n/a	DG Bank
SWISS FRANCS						
Hokuriku Electric★★◆	150	4⅝	100	1993	n/a	Credit Suisse
Hokuriku Electric◆	150	4½	100	1993	n/a	Credit Suisse
Bridgestone Corp(a)★★§	100	(½)	100	1992	1⅝	UBS
Nihon Nohyaku Co(b)★★§	100	(½)	100	1994	1⅝	Handelsbank NatWest
Final terms fixed on:						
Honshu Paper (c)★★‡◆	100	1⅝	100	1993	n/a	Credit Suisse
GUILDERS						
LKB Baden Wurt'berg◆	200	6	101¼	1993	1⅞/1¼	Amro Bank
STERLING						
Ford Credit Funding◆	60	10⅞	101½	1993	1⅞/1¼	Hambros Bank
Mortgage Funding No.3‡◆	120	(d)	100	2023	27½/17½	Kleinwort Benson

★Not yet priced. ★★Private placement. ♦With equity warrants. §Convertible. ◆Final terms. Indicated put options: a) 31/12/90 at 107¼ to yield 3.706%. b) 31/3/91 at 108⅜ to yield 3.987%. c) Coupon cut by ¼%. d) Average life 7½ years. 30bp over 3m Libor first 10 years, 50bp thereafter.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on October 5

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	94¼	94¾	0	+0⅛	9.45
All Nippon Air 9⅞ 97	100	†96	96½	0	+0⅞	10.02
Amer. Brands 8⅞ 92	150	†96⅛	97	[illegible]	[illegible]	9.92
A/S Eksportfinans [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.15
A/S Eksportfinans [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.19
Barc. Bk. Fla. 10¼ 89	200	†101⅛	101⅝	0	+0⅛	8.92
B.F.C.E. 7 92	150	93⅞	94⅛	0	+0⅞	9.10
British Telecom 7⅞ 96	250	90⅞	91⅛	+0⅛	+0½	9.29
Cal.Natl.Telecom 8½ 93	160	†97	97½	0	+0⅛	9.27
Canada 9 96	1000	99⅛	99⅝	+0⅛	+0⅞	9.10
Canadian Pac 10¼ 93	100	†102⅞	103⅛	0	+0¼	9.82
C.C.C.E 7⅛ 91	113	†94¾	95¼	0	+0⅞	9.07
C.C.C.E 9¼ 95	300	99⅛	99⅝	−0⅛	+0½	9.36
C.N.C.A 7⅛ 91	150	94⅝	95⅛	0	+0½	9.15
Credit Lyonnais 9 91	200	99⅝	100⅛	−0⅛	+0⅛	9.01
Credit National 8¼ 93	200	96⅜	96⅞	−0⅛	+0½	9.17
Credit National 7⅞ 92	100	94½	95	0	+0⅞	9.14
Credit National 7¾ 91	150	94⅞	95⅜	+0⅛	+0⅝	9.05
Dai-Ichi Kan 9⅝ 92	150	100⅞	101¼	0	−0⅛	9.31
Denmark 7⅞ 92	500	94	94⅛	0	+0⅝	9.18
E.E.C. 7 91	100	94⅝	95	−0⅛	+0¼	9.01
E.E.C. 7¼ 93	250	93¼	93⅝	0	+0⅝	9.12
E.E.C. 8 90	350	98½	99	+0⅛	+0⅝	8.74
E.I.B. 7⅝ 93	100	93½	94	0	+0¼	9.18
E.I.B. 9⅜ 97	150	99⅜	100¼	0	+0¼	9.37
Elec.De France 9 98	200	96⅞	97⅜	0	+0½	9.46
Finland 7⅞ 97	200	90⅝	91⅛	0	+0⅝	9.50
Finland 7½ 93	200	93⅞	94	+0⅛	+0¼	9.16
Finn.Exp.Cd. 8½ 92	200	97¾	98¼	0	+0⅞	9.17
Ford Motor Credit 8 91	250	97⅜	97⅞	0	+0¼	9.08
Gen Elec Credit 10¼ 00	200	100⅛	100⅝	0	+0¼	10.14
G.M.A.C. 8 89	250	99⅛	99½	0	+0⅛	0.09
Gen.Mtrs.Corp. 9⅛ 92	200	99⅜	99⅞	0	+0⅞	9.22
Halifax BS 9½ 93	200	†100⅛	100⅝	0	+0⅝	9.37
Hoesch 8¾ 97	100	†92¾	93¼	0	+0¼	9.47
Italy 9 90	1000	100½	101	0	+0⅞	8.57
L.T.C.B of Japan 8 91	100	97⅜	97⅞	0	+0¼	9.01
L.T.C.B. of Japan 8 97	200	90⅜	90⅞	+0⅛	+0¼	9.71
Mercds-Benz Cd. 8½ 95	100	†96	96½	0	−0⅞	9.28
Metropolis Tokyo 9½ 93	200	101⅛	101⅝	0	+0½	9.07
Morgan Guaranty Tst. 7 90	150	97¼	97¾	0	+0¼	8.88
Norway 8¾ 93	500	98⅞	99⅜	0	+0⅞	8.97
Pepsico Inc 7⅞ 93	200	†93⅝	94⅛	0	+0¼	9.04
Portugal 8¼ 91	300	97¼	97⅝	0	+0¼	9.45
Prudential Crp. 8¾ 94	125	98½	99⅛	0	+0⅝	9.02
Qantas Airways 10⅛ 95	140	104	104⅝	0	+0½	9.50
Saskatchewan 10¾ 92	100	104⅛	104⅝	0	+0⅞	9.16
State Bk S Aust 9¼ 93	100	99⅜	99⅞	0	+0⅞	9.37
Swed Exp Cred 7¼ 91	100	†94½	95	−0⅛	+0¼	9.20
Swed Exp Cred 10 92	100	†102	102½	0	+0⅞	9.21
Sweden 7 91	250	94⅞	95¼	0	+0⅞	8.92
Sweden 7 92	250	†94	94½	0	+0⅞	9.04
Sweden 8¾ 96	200	96⅝	97⅛	+0⅛	+0⅞	9.31
Sweden 8½ 92	200	†98⅜	98⅞	0	+0¼	8.92
Victorian Rep 11⅝ 92	150	106⅞	107⅜	0	+0½	9.23
World Bank 7 92	300	†94¼	94¾	0	+0½	8.97
World Bank 9 97	300	97⅞	98⅜	0	+0⅞	9.31
Yasuda Trust Fin 8½ 93	100	96½	97⅛	0	+0⅞	9.36

Average price change... On day +0 on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	101	101⅝	0	+0½	5.72
Aris Fin.SVS 5⅞ 92	100	100	100½	0	0	5.78
Bank of Tokyo 5¾ 93	100	99⅞	100⅜	+0⅛	+0⅛	5.71
Central BK. Turkey 7 92	200	103⅜	103⅞	+0⅛	+0⅞	5.95
Commerzbank o/s. 5¼ 93	300	99¼	99¾	0	0	5.50
Degussa Int. 6⅛ 97	200	98⅞	99½	−0⅛	+0⅛	6.25
E.I.B 5½ 98	150	96⅛	96⅝	−0⅛	+0⅛	6.08
E.I.B 6 97	300	99⅝	100⅛	0	+0⅛	5.99
E.I.B. 6⅛ 96	300	101⅛	101⅝	0	+0⅞	5.89
E.I.B. 6⅛ 97	400	100⅜	101	−0⅛	+0⅝	6.00
E.I.B. 6⅞ 95	300	105⅛	105⅝	−0⅛	+0⅛	5.92
Euro.Coal & Steel 5⅞ 97	175	98⅝	99¼	0	+0⅛	6.04
Eurofima 6¼ 96	100	102⅞	103⅜	−0⅛	+0⅝	5.73
Elec De France 5¾ 97	300	97½	98⅛	0	+0¼	6.07
Forsmark Krtg. 5⅛ 93	200	97¼	97¾	0	−0¼	5.78
I.A.D.B. 6 97	200	99	99⅝	0	+0¼	6.09
Japan Dev. Bk. 5⅜ 95	300	96⅞	97⅝	0	+0⅞	5.89
Japan Finance 5¾ 97	100	96⅜	97⅜	−0⅛	+0¼	6.21
Ireland 6½ 97	300	100¼	100⅝	+0⅛	+0½	6.41
Korea Dev BK 6⅝ 93	100	102⅞	103	+0⅛	+1	5.95
Malaysia 6¼ 94	150	99⅝	100¼	+0⅛	0	6.27
Nat. West BK. PLC 6 98	300	96⅛	97⅛	+0⅛	0	6.42
Nippon Telg.&Tel. 6 95	400	100⅜	101	0	+0⅛	6.03
Oesters. Kontbk. 5 93	300	97⅝	98⅜	−0⅛	+0⅛	5.52
Portugal 5¾ 92	150	100⅞	101⅛	+0⅛	+0¼	5.52
Portugal 6⅛ 95	150	102	102⅝	−0⅛	+0⅛	6.21
Privatbanken 5¼ 93	150	96⅞	97½	0	−0⅞	6.00
Royal Insurance 5½ 92	300	99¾	100⅛	−0⅛	0	5.49
Soc Cent Nucleair 7¼ 95	150	103¼	104	0	−0⅛	6.56
Turkey 6½ 95	500	98	98½	0	0	6.83
Westlb. Finance 5 93	200	†97⅜	98⅛	0	+0⅞	5.55
World BK. 6¼ 97	600	101	101⅝	+0⅛	+0¼	5.95

Average price change... On day 0 on week +0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†101½	101¾	−0⅛	+0⅞	4.74
Asfinag 5 03	100	†100⅞	101	+0⅛	0	4.91
B.F.C.E. 4½ 98	200	†98¾	99	0	+0⅞	4.64
B.M.W.Fin.Neth. 5 13	150	†95¼	95⅞	+0⅛	+0⅛	5.33
Britannia B/S. 4¼ 94	100	†97½	98	0	0	4.71
CIR. Int. W/W 3 93	125	†100⅞	100½	+0⅛	−0⅛	2.91
Credit Lyonnais 4¾ 00	100	†97⅜	98	0	+0¼	4.99
E.I.B 4⅝ 98	150	†99⅞	100	+0½	+0¼	4.64
Fletcher Chall. 4⅞ 98	150	†96½	97	0	0	5.31
Kobe City 4⅝ 98	150	†98¾	99	0	0	4.77
Leeds Perm. B/S. 4⅛ 93	200	†98	98½	0	−0½	4.56
Malaysia 5¼ 98	100	†98¾	99	0	0	5.40
Maxwell Comm.Crp. 5 95	150	†101½	102	−0⅞	−0⅞	4.68
Nationwide Ang.B/S. 4 93	200	†97	97¼	0	+0⅛	4.69
Nippon Telg.&Tel.4¼ 95	200	†99	99¼	0	−0⅛	4.40
Oesters.Ktbk. 5 03	75	†99¼	100	−0⅛	+0¼	5.03
Rep.National Bk. 4 93	150	†96	96½	0	−0⅞	4.43
Thailand 4⅝ 95	200	†96	96¼	+0⅛	+0⅞	5.32
World Bank 5 03	150	†100	100¼	+0⅛	+0¼	4.99

Average price change... On day +0.00 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅝ 92	55	101½	101¾	0	+0⅛	4.93
Belgium 4⅝ 94	45	97¼	97½	0	+0⅛	5.17
Canada 4⅝ 92	30	98¾	98⅞	0	+0⅛	4.86
Elec. De France 5¾ 94	20	99¾	100¼	0	+0⅛	5.12
Ireland 5⅛ 93	30	99¼	99¾	0	0	5.24
Norway 5⅛ 95	50	99⅛	99⅝	0	+0⅛	5.21
Rep. of Italy 5¾ 92	150	102⅝	102⅞	−0⅛	+0⅛	4.85
Sweden 4⅝ 93	50	98¼	98½	0	+0⅛	5.02
World Bank 5½ 92	50	102⅝	102⅞	0	+0⅛	4.79

Average price change... On day 0 on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. BS. 10¼ 93 £	50	98¾	99⅜	0	+0¼	10.51
Alg. Bk. Ned. 5½ 92 FL	150	97⅞	98¼	0	0	6.16
Amro Bank 6¼ 92 FL	150	100¼	100⅝	0	0	6.09
Aust.Ind.Dev. 12⅞ 93A$	100	98⅝	98¾	+0¼	+0¼	13.28
Barc. Bk. 10¼ 97 £	250	96⅛	96⅝	+0⅛	+0½	10.86
BP Capital 9⅜ 93 £	100	96⅛	97⅛	0	+0⅛	10.58
British Airways 10 98 £	100	94⅛	94⅞	+0⅛	+0⅝	10.92
C.I.B.C.Mort.10¾ 93 C$	100	†99	99½	0	+0¼	10.93
Comm.Bk.Aust. 12⅞ 93A$	100	†96¼	96⅝	0	−0⅞	13.53
Coop.Ctr.Rabo.6¼ 93 FL	100	100⅛	100⅜	0	0	6.10
Coop.Ctr.Rabo.6 92 FL	200	99⅞	100⅛	0	+0⅛	5.95
Denmark 7⅞ 92 ECU	100	101½	102	0	+0½	7.12
Dixons 11 95 £	90	†98½	99	0	+0⅞	11.45
Dent.Bk.Aust. 12⅞ 95 A$	70	99⅜	99⅞	+0⅛	+0⅞	12.79
Eastman Kodak 13 90 A$	100	98⅛	98½	0	−0⅞	14.07
E.I.B. 7 96 LFr	100	†98¼	99¼	0	0	7.22
Elec.France 10¾ 95 C$	125	†98¾	99¼	0	+0¼	10.44
Euratom 7⅞ 97 ECU	145	97	97⅜	−0⅛	+0¼	7.84
Eurofima 7⅛ 92 FL	50	†104½	105⅛	0	0	5.93
Fed.Bus.Dv.Bk. 9⅞ 92 C$	75	†98	98½	0	+0¼	10.31
Ford Cr.Can.10¾ 95 C$	100	†100⅝	101⅛	0	+0¼	10.45
Gillette Can. 9⅝ 93 £	70	†92½	93	0	+0½	11.64
G.M.A.C. 9¾ 93 C$	150	†97⅛	97⅞	0	+0⅛	10.43
G.M.A.C. 9¼ 92 C$	75	†94¼	95¼	0	0	11.05
G.M.A.C Aus. Fin. 14 90 A$	50	100⅛	100½	0	+0⅞	13.73
Halifax BS 10⅜ 97 £	100	96⅝	97⅛	+0⅛	+0⅝	10.94
Imp Chem Inds 10 03 £	100	96	96½	+0⅛	+1½	10.50
Inv.Industry Int.10 93 £	60	97	97½	+0⅛	+0¼	10.76
Lloyds Bank 10¼ 98 £	150	94½	95	+0⅛	+0½	11.15
Montreal Tst.10¾ 93 C$	100	†99⅝	100⅛	0	+0¼	10.76
Mtge.Bk.Den. 6⅛ 91 FL	100	100⅞	101	0	0	6.38
Nat. West. Bk. 13¼ 92 A$	50	†97⅝	98⅛	0	+0¼	13.80
Nationwide BS 10⅜ 93 £	75	97⅞	98	0	+0⅛	10.78
Ned. Midd. Bank 6 92 FL	150	99⅝	100¼	+0⅛	+0¼	6.03
New Zealand 9½ 93 £	100	95½	96	+0⅛	+0⅞	10.69
New Zealand 7⅞ 93 ECU	200	100⅛	100½	−0⅛	+0⅛	7.66
Oesters.Ktbk. 13¾ 94 A$	75	100⅞	101⅜	+0⅛	−0⅛	13.31
Prudential Fin. 9⅞ 07 £	150	90	90⅜	0	+0¼	10.60
Royal Bk.Scot. 10⅝ 98 £	125	96⅛	97⅛	+0⅛	+0½	11.20
Saskatchewan 9⅞ 91 C$	150	†98⅞	99⅜	0	+0¼	10.22
S.D.R. 7⅞ 95 ECU	90	99⅝	99⅞	0	+0¼	7.81
World Bank 5¾ 92 FL	100	99⅝	100	0	0	5.86
World Bank 13¾ 92 A$	100	†100½	101	0	+0⅞	13.06
Zentrspk. 13¾ 93 A$	75	98⅞	99⅛	−0⅛	−0⅛	13.61

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.54	99.59	21/01	10.99
Belgium 91 US	0	100.47	100.57	21/02	9
Britannia 5 93 £	0⅛	99.83	99.88	10/10	10.37
Chase Manhattan Crp.91 US	0⅛	99.60	99.73	22/02	8.94
Citicorp 98 US	†0¼	97.55	97.80	30/11	8.94
EEC 3 92 DM	10	100.82	100.92	22/02	5.63
Halifax BS 94 £	.1	99.78	99.83	9/11	11.36
Invt. in Industry 94 £	0	99.93	100.03	24/02	11.87
Leeds Perm. B/S. 94 £	0¼	99.98	100.02	13/01	10.44
Midland Bank 01 £	.1	95.50	96.30	11/02	11.41
Milk Mkt. Brd. 5 95 £	0⅛	99.86	99.91	30/09	10
New Zealand 5 97 £	.07	99.75	99.85	18/11	11.62
New Zealand 5 01 US	0	99.94	100.04	4/02	8.62
State Bk. New. 98 US	.188	100.41	100.51	13/02	8.87
Woolwich Equit.BS. 93 £	0⅛	99.80	99.88	13/10	10.44
Woolwich 5 95 £	0⅛	99.66	99.70	21/11	11.62

Average price change... On day +0.00 on week +0.07

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	10/87	62.	103⅞	104⅞	+1	21.08
Alco Health 6½ 01 US	7/86	26.25	94	96	−8	2.84
Amer. Brands 7⅞ 02 US	9/87	56.7	103⅞	104⅞	+0⅛	9.46
Ashikaga Bank 2⅞ 02 US	4/87	967.	126⅛	127⅞	−0⅛	3.81
Asics 5 92 DM	12/83	472.7	187¼	188¾	−2¾	8.10
CBS. Inc. 5 02 US	4/87	200.	94⅞	95⅞	+0¼	9.84
Fujitsu 3 99 US	5/84	1106.	237⅞	238⅞	−0⅛	−5.37
Kinki-Sogo Bk. 2⅞ 03 US	4/88	1069.	153	155	+5⅛	3.53
Land Secs. 6¾ 02 £	6/87	6.72	92⅛	93⅞	−0⅛	11.35
MCA Inc 5½ 02 US	9/87	69.62	79½	80⅞	−0¼	26.59
Minolta Camera 2¼ 94DM	2/86	1084.	98⅛	99⅞	−0⅛	24.33
Mitsubishi Bk. 1⅞ 02 US	9/87	3157.	109⅞	110⅞	−1⅛	3.40
Mitsui trust 2⅞ 01 US	10/86	1903.	118	119¼	0	3.84
Next Plc 5⅞ 03 £	11/87	4.3	99⅛	100⅞	+0⅞	154.12
Nikki Hap.Bk 2⅞ 03 US	4/88	804.	104⅛	105⅛	−0⅛	4.74
Onren Tateki 2⅞ 02 US	4/87	1310.	173⅞	175⅛	−0⅛	−2.38
Primerica 5½ 02 US	4/87	66.75	66⅛	67⅛	0	59.28
Ranks Hovis 4½ 03 £	1/88	3.5	110⅛	111⅛	−0¼	2.55
Redland 7¼ 02 £	1/87	5.4	88⅛	89⅛	+0⅛	14.98
Saatchi&Saatchi 6½ 03 £	10/89	4.41	96⅛	97⅛	−0⅛	22.93
Texas Inst. 2⅞ 02 US	9/87	82.87	73⅛	74⅛	−0⅛	54.49
W.R. Grace 6½ 02 US	9/87	42.12	78⅛	79⅛	+0⅛	30.46

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Dutch tax law changes inspire new guilder bond

A CHANGE in Dutch tax laws from January 1989 has given birth to a type of guilder bond which analysts say could quickly grow into a market worth billions, Reuter reports from Amsterdam.

Four bonds worth a total of Fl 350m, all with a low 0.5 per cent coupon and with warrants for bonds or currencies, were issued in the past week, tailored to reduce the tax bill of the wealthy Dutch private investor.

The bonds with warrants came in the middle of a four-week period in which a massive Fl 1.5bn worth of paper was issued after months of quiet in the guilder market.

Syndicate departments of the leading Dutch banks said they had received increasing numbers of calls from private clients asking for a substitute for popular back bonds – a bond stripped of its coupon sheet – which will be banned from January 1989.

The back bond is perfectly adapted to Dutch conditions, where private capital gains are untaxed while interest income is added to salary and other income and taxed accordingly.

Personal investors bought back bonds at a discount, creating a capital gain. The coupon sheet was bought by institutional investors who wanted steady interest income.

But Dutch tax authorities regarded the back bonds as veiled tax evasion and banned them. As a result, a banker said: "The offices of our personal investment advisers became cluttered with people begging for a construction that could keep their returns on investments out of reach of the taxman."

Help came from Bank Mees en Hope, which brought a Fl 75m, 0.5 per cent, five-year Eurobond for Nationale Nederlanden, the insurer, with warrants for an 11 per cent, five-year bond.

The issue, launched on September 27, proved an overwhelming success and was raised to Fl 100m.

Private investors bought the bond, stripped of the warrants, at a discount of about 20 per cent, which they can cash in as capital gain at the end of the five-year period.

Institutional investors bought the warrants for which they can later get an 11 per cent bond.

Zero-coupon bonds and discount bonds have been allowed in the Dutch capital markets since January 1 1986.

But the Finance Ministry said when the two new bonds were allowed that the authorities would tax the gap between issue price and redemption amount at the time of redemption, blocking the use of the new bonds as a substitute for back bonds.

The latest bonds with warrants, however, bypass this hurdle, as the issue price of the bonds is near par and the capital gain is only created after the bond has been stripped of its warrant.

The success of the Nationale Nederlanden bond prompted other banks to follow suit, and on three successive days 0.5 per cent bonds with warrants were issued for Swedish Export Credit, Aegon, the insurer, and McDonald's, the US fast food chain. These bonds had warrants for a triple currency swap into dollars, a first for the Netherlands.

Dutch bankers said the currency swap idea had been developed by the London office of Morgan Stanley International.

A banker at Morgan Stanley in London said: "We saw the success of the Nationale Nederlanden deal and realised that we had an opportunity to simply ply paper to Dutch private clients and at the same time provide our larger, international client with a dollar funding instrument."

At Mees en Hope, the market for low-coupon bonds with warrants is thought to have enormous growth potential, although recent issuing activity was regarded as too much, too fast as the bonds are aimed primarily at private investors.

In general, syndication department members said the market had become somewhat overcrowded with new issues in recent days.

They said there were no fundamental reasons for the flurry of new issues, noting Dutch interest rates were expected to remain stable and not many issues were in the pipeline.

Wardley sets up Luxembourg unit

By Our Financial Staff

WARDLEY, the investment merchant banking arm of Hongkong and Shanghai Banking Corporation, has set up a Luxembourg company to provide fund management and advisory services for European clients.

Wardley Investment Services (Luxembourg), known as Wislux, will be headed by Mr Stephen Cotterell, currently deputy managing director of Wardley Unit Trust Managers.

US Treasuries keep track with shifting oil prices

By Janet Bush in New York and Norma Cohen in London

US TREASURY bonds closed marginally weaker yesterday having spent the whole session tracking fluctuations in crude oil prices in the absence of any important US economic news.

At the New York close, bond prices were quoted around ¼ point lower at the short end of the yield curve. At the long end, prices were mostly around ⅛ point lower.

The Treasury's benchmark 30-year issue outperformed the market for most of the day as the bond continued to benefit from doubts that Congress will pass legislation needed for the auction of a long bond in November's quarterly refunding. At the close, the long bond was quoted ⅛ point higher for a yield of 8.95 per cent.

With the heavy focus of US financial markets on tomorrow's unemployment figures, bond prices have simply moved with fluctuations in the crude oil market. After a small technical rally on Tuesday on the New York Mercantile Exchange, crude prices fell again yesterday morning, helping bonds.

The November futures contract fell to a low of $12.28 a barrel but then rebounded on short covering to trade at $12.60, down 47 cents from Tuesday's close. The modest gains registered by bond prices in the morning then dissipated.

After Fed funds opened at a weak 7⅞ per cent due to a substantial drop in Treasury balances at the Fed, the central bank announced overnight matched sales to drain liquidity from the market. The move was expected because of the weakness of Fed funds and was not believed to have any policy significance. Fed funds closed at around 7⅞ per cent.

THE DROP in oil prices underpinned prices in the government bond markets of several other countries.

In UK government bonds, where falling oil prices might be expected to undermine the value of the currency, news of the drop had the opposite effect. Not only has the pound remained virtually unchanged, but gilts were buoyed by the anti-inflationary implications of cheap oil.

GOVERNMENT BONDS

Longer-dated gilts closed more than a ¼ point firmer, with technical factors, in the absence of any fresh economic data, becoming significant once again. There are no important economic factors for gilts until October 10, when producer prices will be announced.

On Tuesday, the Bank of England was reported to have been an unusually heavy buyer of stock with some rumours of purchases running at about £100m. While the Bank has been buying gilts for several months in order to implement the UK Treasury's "full funding" policy, the amounts were sufficiently large on Tuesday to prop up prices of longer issues and set the rumour mill going.

While the Bank was not actually seen buying stock yesterday, it had asked dealers for prices in certain issues, causing traders to mark prices up. However, dealers said the Bank was offering to pay only the slightly lower prices of the day before and, consequently, no tenders were made.

IN WEST GERMAN government bonds, yields roughly gained two basis points, with Bundesobligationen losing 10 to 15 basis points in very thin trade. The market was described as consolidating, in the absence of fresh economic factors.

The Bundesbank allocated DM14.3bn in its repurchase agreement announced yesterday, replacing DM14.6bn which expired – a draining move seen as too modest to affect liquidity.

THE DUTCH government bond market gained on a variety of technical factors, including switching by some investors out of D-Mark bonds into higher-yielding guilders. The benchmark 6¾ per cent bond due 1998 rose about 35 basis points on short covering, although other shorter-dated issues rose no more than 15 basis points.

Investors were seen switching into Dutch State Loans from Kassenobligationen (short-term West German bonds). They are apparently concerned that new rules allowing foreign investors to invest in Bundesobligationen will draw liquidity away from Kassenobligationen, a sector which had previously been the prime choice of foreigners.

THE BOND market in Tokyo closed the day on a weaker note. The yield on the benchmark 105th government issue ended up 0.015 of a point, at 4.950 per cent. Trading was subdued, as the health of the 87-year-old Emperor Hirohito overshadowed other more fundamental considerations.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	110-15	+4/32	10.21	10.20	10.58
		8.750	9/97	93-28	+5/32	9.79	9.80	10.14
		9.000	10/08	95-28	+7/32	9.45	9.23	9.46
US TREASURY		9.250	8/98	102-25	-1/32	8.87	9.04	9.02
		9.125	5/18	101-31	+10/32	8.93	9.14	9.06
JAPAN	No 105	5.000	12/97	100.1896	-0.190	4.97	5.01	5.28
	No 2	5.700	3/07	104.9074	-0.298	5.18	5.21	5.52
GERMANY		6.500	5/98	99.7000	-0.025	6.48	6.52	6.62
FRANCE	BTAN	9.000	7/93	101.9388	+0.018	8.47	8.52	8.69
	OAT	9.500	6/97	98.1250	+0.085	8.83	8.75	9.10
CANADA		9.500	10/98	97.5500	0.200	9.89	10.12	10.08
NETHERLANDS		6.500	7/98	100.7750	+0.160	6.33	6.43	6.58
AUSTRALIA		12.500	1/98	103.2851	+0.189	11.90	11.94	11.77

London closing.
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Bundesbank capitalises on new division

Stephen Fidler on a capital markets department for West Germany's central bank

In a move which recognises the extent to which international investors now influence domestic monetary policy, the Bundesbank has quietly opened an international capital markets division.

Mr Claus Köhler, the member of the Bundesbank board in whose department the new group will operate, says the move has been made necessary by the lifting of exchange controls and market liberalisations around the world.

"We have to look to the international markets and their problems. These markets influence national monetary policy more and more, and we must look at the institutional framework of the international markets because these have a great influence on capital flows," he says.

"In former times, when we increased our discount and Lombard rates, interest rates in the bond market would rise – there was this direct relationship between money market and bond market rates. Now we can increase discount rates and yields in the bond market come down."

Indeed, when the central bank raised its discount rate in August by ½ percentage point, yields on D-Mark bonds fell ½ point to around 6½ per cent.

This was essentially because it implied to foreign investors a strong D-Mark in the short term and continued timely central bank efforts against inflation, which argued for currency stability over the longer term.

Some of the new division's responsibilities were previously handled by the Bundesbank's international department, but it was thought more logical to put the new division into the central bank's Kredit department. In Bundesbank short-hand, the new division will be known as K3, and will join the domestic money markets division (K1) and the domestic capital markets division (K2). Among other things, future registrations of new D-Mark Eurobond issues will take place through K3.

Initially, the department will be about 15 strong under the control of Mr Gerd Häusler. Fluent in French and English, Mr Häusler is well known to those on the international monetary scene as the former personal assistant of Mr Karl-Otto Pöhl, the Bundesbank president.

He accompanied Mr Pöhl around the world for 4½ years, and was with him as landmark monetary agreements, such as the Plaza and Louvre accords, were being struck. At 37, he is a young man by Bundesbank standards to head a division.

Mr Köhler emphasises that the primary motive for the move arose from national monetary policy considerations and says it does not herald an attempt to promote Germany more aggressively as a financial market place.

It is important to understand, he says, that the Bundesbank's ability to do this is, in any case, limited, because the executive role of the Bundesbank within the German financial system is constrained.

However, the central bank has an influence which significantly exceeds its legal powers. It would be surprising, given Mr Häusler's background, if his division were to use that influence to urge a more insular attitude on the German capital markets.

Indeed, there are some important outward-looking issues to be addressed in the context of the competitive position of German markets, particularly as 1992 and the expected dropping of the remaining barriers to capital movements in Europe, approaches. There are, for example, important questions of international reciprocity to be addressed.

How should the German market react to the start-up on the London International Financial Futures Exchange of futures contracts on German government bonds, and the likelihood that US exchanges will follow suit?

An expected change in the country's gambling laws is likely to allow a German futures market to be established, and there is an expectation that the Bundesbank will take intellectual leadership over the future shape of the market.

The division will also be expected to have an appreciation of financial innovation. There is a question, for example, about what attitude should be taken towards mutual funds, currently not allowed under German law.

Furthermore, just as the barriers between capital markets fall, so previously compartmentalised functions of governing the financial system are blurring. Thus, it is increasingly recognised that rule changes by bank supervisors have an impact on capital markets and there needs to be an appreciation of this, which the Bundesbank may be best equipped to provide.

The Bundesbank has been characteristically quiet about its move, largely because it was thought an announcement would be potentially misleading. The move is important, but does not mark a sea-change in the central bank's stance towards the capital markets.

Indeed, according to Mr Köhler, the key Bundesbank policy of attempting to anchor the primary D-Mark securities markets to Germany remains firmly in place.

Tough choices mark Ecu's year of change

Norma Cohen on political and economic factors which will affect the currency unit's recomposition

A year from now, the Ecu will be a different currency to what it is today, regardless of what happens to other exchange rates.

As the European Commission prepares for its next recomposition of the currency, set for September 1989, one thing looks certain – that the weight of the low yielding currencies in the Ecu, such as the D-Mark, will be reduced and replaced with higher yielding currencies, such as the peseta.

While a five-year D-Mark bond is yielding 6.06 per cent, a Spanish peseta bond is yielding 12 per cent. That means that even if world-wide interest rates are stable, Ecu bonds will have to have higher yields than they do now.

Economists at Paribas and Credit Suisse First Boston, who have recently completed analyses of the new Ecu, believe Ecu bond yields will have to be 20 to 50 basis points higher than they are now to compensate for the inclusion of the higher-yielding currencies.

The Commission will have to decide whether the currencies of members who have been admitted since 1984 – namely Spain and Portugal – should have their currencies included in the make-up of Ecu. If so, how much of each should be included and whose currency should be assigned a weaker role in the composite unit?

Economists agree that the answers to these questions are as much concerned with European politics as they are about economics or free trade. Current guidelines allow considerable leeway in making that decision which, in the last recomposition, gave greater weight to the D-Mark and guilder than economic activity warranted. Italy's lira, by contrast, has a lower weighting than it ought.

In a recent paper prepared by Banque Paribas Capital Markets, one of the primary market makers in Ecu bonds, economists say they expect the weight of the D-Mark in the reconstituted currency to be cut sharply to between 23½ and 24 per cent from the current 34.6 per cent weighting.

This is partly to make way for new currencies entering the basket and because West Germany's economy has grown more slowly in the past four years than that of other EC members such as France, Italy or the UK.

But West Germany is considered likely to object if its currency is relegated to less than 30 per cent of the new Ecu. Furthermore, replacing a low yielding currency with high yielding ones could require such a sharp upward revision in Ecu bond yields that it would disrupt the entire market.

Similarly, Spain may insist on a weighting of at least 5 per cent for its currency, limiting the weighting of the lira to only about 10½ per cent against its current 9.1 per cent level. And those bonds that have already been issued will almost certainly have lower prices. So why are investors buying them at prices that do not reflect the recomposition?

Mr Giles Keating, economist at Credit Suisse First Boston, believes this is an anomaly.

CSFB economists calculate that if the recomposition had occurred, say, a week ago, the yield on a synthetic Ecu bond would be 8.48 per cent, against a current synthetic yield of 8.02 per cent.

Among short-term issues, the yield differential is even more dramatic. Yields on the UK Government's new one-month Treasury bills would rise to 7.68 per cent from 7.16 per cent under the Ecu's current composition.

In explaining the willingness to buy bonds at current levels, Mr Keating postulates that investors have simply not begun to focus on the impending recompositions, and are not yet demanding higher interest rates.

In the last recomposition, in September 1984, investors did not begin to concentrate on what sort of yield was appropriate until the start of the calendar year, he adds.

After all, much of the investor demand for the securities comes not from institutions with tomes of a well-financed research department easily at hand, but from small retail investors.

As a result, investors are unaware of the yield they might demand and only care about earning a high yield and minimising currency risk.

For that, Ecu bonds certainly do the trick, even at current rates.

Already, Mr Keating notes, investors are willing to buy Ecu bonds at interest rates as much as a half point below that on a theoretical basket of government bonds, in amounts equal to their respective currencies' weighting in the Ecu.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Wednesday October 5 1988

Figures in parentheses show number of stocks per section

	Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1988 to date	Tue Oct 4 Index No.	Mon Oct 3 Index No.	Fri Sep 30 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (210)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (37)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Electronics (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (57)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (186)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31	Packaging & Paper (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Publishing & Printing (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (34)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40	OTHER GROUPS (92)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	Agencies (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Conglomerates (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47	Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48	Miscellaneous (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (488)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oil & Gas (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (123)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (51)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (78)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (711)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

		Index No.	Day's Change	Day's High	Day's Low	Oct 4	Oct 3	Sep 30	Sep 29	Sep 28	Year ago
	FT-SE 100 SHARE INDEX ♦	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Wed Oct 5	Day's change %	Tue Oct 4	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	119.21	+0.02	119.18	-	9.52
2	5-15 years	134.79	+0.15	134.59	-	9.98
3	Over 15 years	147.59	+0.26	147.21	-	9.94
4	Irredeemables	169.51	+0.40	168.83	-	8.84
5	All stocks	133.73	+0.13	133.56	-	10.06
	Index-Linked					
6	5 years	128.30	+0.01	128.28	-	1.61
7	Over 5 years	122.52	+0.34	122.10	-	2.65
8	All stocks	122.82	+0.31	122.43	-	2.57
9	Debentures & Loans	116.96	+0.04	116.91	-	8.66
10	Preference	87.87	-0.03	87.90	-	4.98

	AVERAGE GROSS REDEMPTION YIELDS		Wed Oct 5	Tue Oct 4	Year ago (approx.)
	British Government				
1	Low	5 years	9.75	9.76	9.58
2	Coupons	15 years	9.38	9.39	9.86
3		25 years	9.06	9.09	9.69
4	Medium	5 years	10.17	10.18	10.29
5	Coupons	15 years	9.59	9.61	10.12
6		25 years	9.23	9.26	9.90
7	High	5 years	10.27	10.28	10.36
8	Coupons	15 years	9.74	9.77	10.39
9		25 years	9.32	9.35	9.94
10	Irredeemables		9.05	9.08	9.93
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.28	3.29	3.62
12	Inflation rate 5%	Over 5yrs.	3.86	3.89	4.25
13	Inflation rate 10%	5yrs.	2.19	2.19	3.67
14	Inflation rate 10%	Over 5yrs.	3.69	3.71	4.26
15	Debs &	5 years	11.76	11.76	11.64
16	Loans	15 years	11.21	11.22	11.48
17		25 years	10.87	10.87	11.31
18	Preference		10.23	10.23	10.92

♦ Opening index 1807.3; 10 am 1820.0; 11 am 1823.2; Noon 1823.1; 1 pm 1826.2; 2 pm 1826.7; 3 pm 1823.6; 3.30 pm 1823.2; 4 pm 1822.6

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	78	9	24
Corporations, Dominion and Foreign Bonds	19	6	24
Industrials	535	256	808
Financial and Properties	234	72	357
Oils	24	31	50
Plantations	0	3	10
Mines	38	42	113
Others	74	71	138
Totals	1,002	490	1,524

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price p	+ or -	Net Dividend	Times Covered	Gross Yield	P.E. Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
Ir180	F.P.	27/10	266	245	Allied Irish Banks	245	
240	Nil	-	26pm	20pm	Cannon Street Inv. 20p	20pm	
15	Nil	28/10	5½pm	3½pm	Charterhall 5p	5pm	+1½
150	Nil	28/10	10pm	3pm	EBC Group 50p	4pm	
76	Nil	-	12pm	7pm	Elliott (B)	11pm	+2
145	Nil	10/10	19pm	12pm	Ellis & Everard	15pm	
325	Nil	8/11	27pm	19pm	First Technology	22pm	+2
20	Nil	4/11	8½pm	5¼pm	*Hornbrit Group 5p	6½pm	-½
150	Nil	-	41pm	10pm	‡Kenyon Securities	13pm	+2
10	Nil	30/9	13pm	4pm	*Lynx Tech. 5p	6pm	+2
380	Nil	-	135pm	130pm	‡Miller & Santhouse 5p	130pm	
Ir142½	F.P.	-	162½	138	Silvermines Ir2½p	138	
260	Nil	-	25pm	23pm	Wace Group 20p	25pm	
125	Nil	4/11	133pm	38pm	Wassall 5p	133pm	+20

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. n Forecast; or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¥ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. ∓ Allotment price. ‡ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
100	F.P.	-	107½	99½	A.C. Hldgs. 11pc Cv. Un. Ln. 1994/98	107½	
100.4p	F.P.	-	101p	100½p	Allda Hldgs 9¼pc Cn Rd Pf 2008/13	100½p	
‡	F.P.	-	110p	100p	Douty Grp 7pc Cv. Cm. Rd. Pf.	110p	
§100p	F.P.	-	101p	99p	Exmoor Dual Inv. Tst. Zero Cp Prf	100p	
100p	F.P.	-	100p	95p	‡Kunick 7p (Net) Cv. Cm. Rd. Pf. 5p	96p	
¥97.34	£30	-	30½	30	Land Securities 10pc 1st Mtg. Deb.	30	
100p	F.P.	-	105p	102p	NSM 8.5p Cv. Cm. Rd. Pf. 10p	103p	-1
-	F.P.	-	100¼	99⅞	N'wide 11¼pc 29.8.89	99⅞	-⅛
-	F.P.	-	100¼	99⅞	Do. 12¼pc 18.9.89	100⅛	-⅛
-	F.P.	-	100¼	99⅞	Do. 12¼pc 2.10.89	100⅛	-⅛
100p	F.P.	-	102p	83p	‡Rockwood 8.5pc Cv. Cm. Rd. Pf.	83p	-18
100p	Nil	1/11	2pm	¼pm	Scantronic 7.25p Cv. Rd. Pf.	1pm	
100p	F.P.	-	100p	96p	Waverley Cameron 7.5p Cn Cm Rd Pf 5p	96p	

TRADITIONAL OPTIONS

- First Dealings Sep 26
- Last Dealings Oct 7
- Last Declarations Dec 22
- For settlement Jan 9

For rate indications see end of London Share Service

Stocks favoured for the call included **Wassall, Charterhall, RHM, Gaynor, Bank of Ireland, Allied Lyons, United Biscuits, Astra Trust and PML**. No puts were reported, but a double option was arranged in **Gateway**.

LONDON TRADED OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied Lyons (*460)	420	48	60	73	5	16	23
	460	20	36	48	20	33	38
	500	7	21	32	48	57	62
Brit. Airways (*168)	140	30	33	37	1	2½	4
	160	12	17	22	2½	7	11
	180	2½	6½	10	15	18	22
Brit. & Comm. (*221)	200	25	29	35	2	6	8
	220	8	16	21	7	14	16
	240	2	9	13	22	27	30
B.P. (*239)	220	20	28½	30½	1½	4½	8½
	240	4½	15	17½	6½	11½	18
Bass (*790)	750	45	65	77	4	18	23
	800	12	30	47	22	43	45
	850	3	13	-	63	77	-
Cable & Wire (*391)	330	63	73	83	1½	4	9
	360	36	50	60	3	11	16
	390	11	29	40	11	20	28
Cons. Gold (*1279)	1200	105	165	190	22	60	75
	1300	45	105	140	65	100	125
	1400	18	65	90	140	155	180
Courtaulds (*286)	280	15	26	36	6	15	18
	300	6	16	26	18	26	29
	330	1	9	15	46	49	50
Com. Union (*339)	300	41	54	57	1	6	12
	330	18	34	39	5	14	23
	360	3	20	25	24	30	42
G.E.C. (*156)	140	18	22	26	1	3	5½
	160	3	9	12	6	9	14
	180	1	3	6	25	28	29
G.K.N. (*317)	280	39	50	-	1½	3½	-
	300	21	33	42	3½	8	16
	330	5	17	22	17	19	28
Grand Met. (*444)	420	30	-	-	4½	-	-
	460	7	24	32	23	30	38
	500	2	11	16	60	62	67
I.C.I. (*1029)	950	87	118	133	2	12	26
	1000	44	80	93	10	24	45
	1100	4½	32	43	74	77	100
Jaguar (*258)	240	22	33	40	4	10	16
	260	7	20	27	10	16	25
	280	2	12	18	27	31	38
Land Securities (*572)	500	77	85	95	1½	5	12
	550	32	43	58	7	16	22
	600	4	15	27	32	42	45
Marks & Spencer (*171)	140	33	35	38	1	1½	2½
	160	13	18	25	1¼	6	7½
	180	2	8½	14	12	15	18
Britoil (*500)	420	-	-	-	1	-	-
	460	-	-	-	5	-	-
	500	-	-	-	14	-	-
Rolls-Royce (*136)	120	16½	23	28	1	3½	5
	130	7½	15	129	2½	6	10
	140	2	8½	12	7½	12	14
STC (*282)	260	25	35	41	2½	8	10
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sainsbury (*195)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans. (*959)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Storehouse (*187)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trafalgar House (*313)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
T.S.B. (*107)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utd. Biscuits (*289)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ultramar (*247)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Woolworth (*254)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
LASMO (*549)	500	67	90	105	16	30	38
	550	37	63	77	37	52	60
	600	19	40	55	67	82	90
P. & O. (*566)	500	73	87	95	3	6	10
	550	30	50	60	10	18	28
	600	9	25	32	40	47	57
Pilkington (*215)	200	20	26	31	4	8	10
	220	7	14	19	12	16	18
	240	2	6	11	27	29	30
Plessey (*157)	140	19	23	28	2	6	7
	160	7	12	17	10	12	16
	180	2	6½	9	25	29	31
Prudential (*157)	150	11	-	-	3	-	-
	160	5	11	14	7	9	11
	170	1	-	-	15	-	-
Racal (*304)	300	21	33	40	13½	22	26
	330	9	21	30	31	39	44
R.T.Z. (*443)	420	38	55	65	10	20	25
	460	15	35	45	28	37	44
Vaal Reefs (*$63)	60	6½	10	12	3	6	9
	70	2	4½	7½	9	12	14

Option		Calls Dec.	Calls Mar.	Calls Jun.	Puts Dec.	Puts Mar.	Puts Jun.
Amstrad (*211)	200	23	33	39	8	13	17
	220	13	22	29	18	23	27
Barclays (*416)	395	35	-	-	9	-	-
	420	-	32	38	-	27	30
Blue Circle (*457)	420	50	66	70	6	12	18
	460	24	40	46	22	26	36
Dixons (*150)	140	20	26	33	6½	7½	11
	160	8	15	20	15	19	21
Glaxo (*1079)	1000	95	130	153	21	35	45
	1100	38	73	97	67	78	88
Hawker Sidd. (*518)	500	38	57	65	13	20	28
	550	18	30	38	42	47	55
Hillsdown (*266)	260	18	30	33	9	12	16
	280	8	18	23	19	20	25
Lonrho (*331)	330	33	42	55	23	37	40
	360	22	31	42	43	53	56
Midland Bk (*415)	390	40	48	-	4	12	-
	420	20	30	37	15	25	30
Sears (*134)	120	19	25	29	5	8	9
	130	14	19	22½	8½	11½	14
	140	9	15	18	14½	17	20
Trusthouse Forte (*268)	260	25½	33	42	13	23	26
	280	15½	23½	32	25	33	36
Thorn EMI (*633)	600	57	68	85	11	22	25
	650	23	38	52	30	40	47
	700	12	22	-	72	77	-
Wellcome (*515)	500	39	55	70	17	23	27
	550	14½	32	44	46	52	55

Option		Calls Dec.	Calls Apr.	Calls Jul.	Puts Dec.	Puts Apr.	Puts Jul.
Boots (*222)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Gas (*173)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
RHM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beecham (*463)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever (*461)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BTR (*290)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson (*147)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tesco (*134)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ladbroke (*456)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Enterprise Oil (*577)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Conv. 9½% 2005 (*101)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Aero (*479)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tr. 12% 1995 (*108)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BAA (*276)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BAT Inds (*437)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Index (*1823)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Telecom (*245)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cadbury Schweppes (*377)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Guinness (*324)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

October 5. Total Contracts 51,094 Calls 34,319 Puts 16,775
FT-SE Index Calls 1212 Puts 4509
*Underlying security price.

UK COMPANY NEWS

Meyer's stake in Travis nears 17%

By Clay Harris

THE TWO-WAY battle for Travis & Arnold, builder's merchant, heated up last night when the higher bidder, Meyer International, said it had raised its stake to nearly 17 per cent through purchases in the stock market.

Sandell Perkins, meanwhile, which retains the support of the Travis board for an all-share merger worth only two-thirds of Meyer's £213m cash bid, said it had valid acceptances for 42.5 per cent of Travis shares, 39 per cent of which are irrevocably committed on behalf of directors and the Travis family.

The first closing date of the offer is on Tuesday.

Travis said yesterday it had no hesitation in continuing to back the Sandell merger, and repeated its criticisms of the rival Meyer offer.

Travis shares leapt 73p to 575p yesterday – Meyer's new 600p offer was announced on Tuesday after the market closed.

H&C beats expectations with 46% jump to £52m

By David Waller

HARRISONS & CROSFIELD, which over recent years has been diversifying from its colonial roots as a plantations manager into areas such as chemicals and building supplies, yesterday surprised the City with a 46 per cent increase in interim pre-tax profits and earnings per share.

At £52m, pre-tax profits for the six months to the end of June were significantly ahead of stockbrokers' estimates of between £42m and £45m, and the shares duly responded with a 15p rise to close at 661p, near the year's high of 676p.

Mr George Paul, H&C's chief executive since December 1986 and architect of the company's recent restructuring, reported buoyant trading conditions across the range of the group's activities. In total, this gave rise to a £16.7m increase in operating profits to £61.7m, on turnover up from £778m to £848m.

The chemicals and industrial division – the largest contributor to profits – benefited from increased demand for inorganic products such as chromium chemicals and metal oxides. There was also a strong market for organic products such as polymer additives. Profits here surged by 43 per cent to £27m.

This division, which consists of 17 separate companies, was yesterday formally rechristened as Harcros Chemicals. Mr Paul said there were plans to double turnover in this area to around £900m over the next five years.

Hysteria over the Aids virus helped the plantations division also achieve a 43 per cent increase in profits to £12.9m. On the back of soaring demand for surgical gloves and condoms, natural rubber prices have been propelled sharply upwards, while palm oil prices have also been very firm because of fears of the impact of drought on soya crops.

The mild winter stimulated activity in the UK construction market, which fed through to H&C's activities in timber and building supplies. Profits in this division rose by 55 per cent to £9.6m, without any contribution from Southerns Evans, the chain of timber merchants bought from Magnet for £88m at the end of June.

H&C is one of the largest pig-farmers in the UK. Mr Paul said that conditions here had been absolutely abysmal, but he took comfort from the excellent prospects he foresaw for a product at the other end of the olfactory spectrum: a perfume developed by H&C's scents division. With help of a film star – widely believed to be Cher – this will soon be unleashed on the US market by Avon, the cosmetics giant.

H&C announced an interim dividend 20 per cent up at 12p per share, and forecast that the final dividend would be at least 17p.

See Lex

Lex service

Lex Service, hasformed a joint venture with Mitac of Taiwan for the distribution of electronic components and computer products in Taiwan. The company will pay £7m in cash.

Hewden Stuart rises to £13.5m

By Vanessa Houlder

A CONTINUED country-wide surge in demand helped Hewden Stuart, Glasgow-based plant hire group, maintain its strong growth record with a 66 per cent increase in pre-tax profits from £8.13m to £13.5m for the half year to July 31.

Heavy investment in plant, people and depots in recent years had left the group uniquely placed to benefit from the buoyant conditions, the company said.

Higher interest rates have not yet affected the level of demand and the second half has started strongly. However, growth was likely to slow down in the second six months as the period embraces the Christmas shut-down and unpredictable winter months.

Capital spending, which ran at about £25m in the period under review, is expected to amount to £17.5m in the second half. A significant part of this will be directed to crane hire and tower crane activities. The latter has a strong order book through into 1990.

Turnover increased by 39 per cent to £100.5m. Earnings per share increased by 58 per cent from 3.95p to 6.26p, and the interim dividend is lifted to 0.75p against an adjusted 0.604p.

● COMMENT

After this glittering set of results, which were well above expectations, the mere 2p rise to 126p in the share price might seem a touch ungenerous. However, the Hewden success story has already been well rehearsed and analysts found little additional spice with which to sell the shares. As the company is the first to admit, benefits from last year's mild winter are unlikely to be repeated which will reduce profits growth in the second half. The downside however seems limited, as the long lead times in plant hire should give Hewden ample work for the next eighteen months, even if the economy does turn down. If Hewden clears £26m for the full year it will be on a rating of 14, which takes full account of the strong management and solid prospects.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Beckman (A) ......fin	3.78	Jan 7	3.78	5.73	5.73
Bejam ......fin	2.75	Nov 21	2.5	5.25	4.75
Blanchards § ......fin	nil	-	2.85	-	4.5
Brown & Jackson ....int	0.1	Dec 19	-	-	0.1
Finlay (James) ......int	2	Jan 4	2	-	4.15
Grampian Hldgs ......int	1.7	Nov 9	1.25	-	4
H'sons & C'field ......int	12☆	Dec 16	10	-	28
Hewden Stuart ......int	0.75	-	0.604	-	2.042
Higgs and Hill ......int	4	Nov 25	3	-	9
Jerome (S) ......int	2.6	Nov 22	2	-	6.5
Martin (Albert) ......int	1.5†	-	1.4	-	4.2
Maunders (John) ......fin	2.1	Nov 25	1.033*	3.15	1.9*
Norish ......int	3.2♣	Oct 28	3.2	-	10.5
Plumb Holdings §......int	1.75	Dec 2	1.25	-	4.25
S&U Stores ......int	1.25	Nov 25	1.25	-	4
TSW ......fin	2.25	-	1.87	3.15	2.7

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ☆Carries scrip option. ♣Irish currency throughout.

Good local response to GrandMet US bid

By Roderick Oram in New York

GRAND METROPOLITAN, the drinks, food and retailing group, has won a favourable first response to its $5.32bn (£3.1bn) takeover bid for Pillsbury from politicans and press in the US food and restaurant company's home town of Minneapolis.

GrandMet had carefully orchestrated the news of its bid on Tuesday as the city, and the state of Minnesota, have strong reputations for rallying around local companies fighting takeover offers.

A team of senior GrandMet officials and their financial advisers spent the day in Minneapolis talking to anyone who would listen to their pitch about Pillsbury. "We have the ability and intention to make Pillsbury great again," said Mr Paul Walsh, GrandMet's chief US financial officer.

GrandMet also stressed that it had no intention of breaking up Pillsbury, other than to sell off the licensed restaurants it is barred by law from owning because it is a distiller. Promising to make Pillsbury's Minneapolis offices the worldwide headquarters of GrandMet's food operations also helped.

"I think it should mean more jobs here," said Mr Craig Carver, an analyst with Dain Bosworth, a Minneapolis stockbroker. "I don't think the bid will be a problem for Minnesota legislative officials," he added, judging by local press and political comments.

The legislature had stepped in last year with more onerous anti-takeover laws to help block a bid for Dayton Hudson, a major retailer based locally, from the Haft family of Washington. The Haft bid was substantially different from GrandMet's in that it looked like a raid from an under-financed group intent on breaking up its target.

Moreover, Dayton Hudson was Minnesota-registered while Pillsbury is incorporated in Delaware.

Wall Street reacted highly favourably to what it saw as a fair and constructive bid for Pillsbury. The company's only response so far has been to win temporary restraining orders in several states because of the liquor issue.

But analysts said that was a largely irrelevant development because GrandMet had already undertaken to sell the 380 Bennigan's and Steak and Ale restaurants.

● The $3.75bn syndicated revolving credit facility which GrandMet has arranged with the Big Four UK clearing banks carries an interest rate of ¼ percentage point above Libor. GrandMet will also pay one eighth of a point per annum on any drawing, and a commitment commission of the same size on any available undrawn principal.

Panel looks at IDG bid

By Nikki Tait

THE Takeover Panel, the City watchdog on bids and deals, yesterday stepped in to correct certain impressions given by the offer document from French drinks group Pernod Ricard for Irish Distillers.

In the document, Pernod claimed that the Panel was looking at allegations against rival bidder GC&C Brands, part of Grand Metropolitan, and its advisers, concerning their conduct during the weekend of September 3 and 4. Yesterday, however, the Panel made clear that it had not received any evidence to support the allegations and its own investigations had not revealed any.

Yesterday, GC&C Brands announced that it was extending its IR525p a share offer until October 25. It said it controlled 30.56 per cent of Irish Distillers, either through purchases or acceptances. Valid cover has yet to be received in respect of 1.19 per cent.

The outcome of the bid tussle depends on a court case starting today in Dublin, which will consider Pernod Ricard's claim to have secured control of a key 20 per cent stake held by FII-Fyffes, and on the Panel's own deliberations over another 18.8 per cent of the equity which was pledged irrevocably to Pernod. Including these interests, Pernod claims it would have 53.7 per cent of Irish Distillers.

Gloves are off as leather leaders battle at OFT

Nikki Tait on Strong & Fisher's bid for Pittard

GLANCE AT sleek leather suits in upmarket boutiques – perfectly finished and equally perfectly priced – and the corporate struggles which serve as a backdrop to Britain's sadly-shrunken leather industry seem a world away.

But these resurfaced with a vengeance last week as Strong & Fisher launched a £41m hostile bid for Pittard Garnar. The two companies – both with long histories and staunch family involvement – are the largest players left in the industry and the only quoted groups. They are also familiar warring partners.

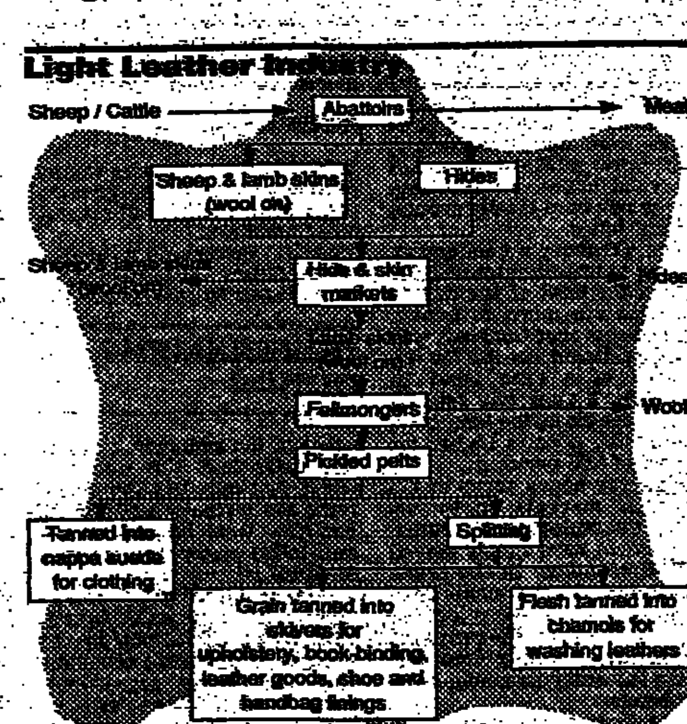
The first battleground, it seems, will be at the Office of Fair Trading, over the question of whether the bid should be referred. Pittard will argue forcefully that it should. Yesterday, Strong & Fisher published a synopsis of its OFT submission, explaining why it thinks it should not.

In one sense, this is familiar territory. Battle between the two camps started in 1986, when Strong & Fisher launched a £20m bid for the former Garnar Booth. At that stage the contest was very clearly said to be about the supply of raw materials. Strong is essentially an upmarket leather clothing business and leathers of this quality are best made from British sheepskins – the sheep get less scarred on rolling Scottish and Welsh hills. Strong was looking to increase its supply, especially sourcing from the north of the country where Garnar, a more diverse leather company, but with some clothing interests, had strong links.

Two years ago, Garnar successfully won a Monopolies and Mergers Commission referral. But its findings were never published: Strong withdrew midway through the reference and quickly did a number of other deals. Garnar, on the other hand, eventually linked up with Pittard, the third quoted leather company with *interests mainly in gloving*, shoe and clothing leather, after an abortive attempt by the much larger Hillsdown Holdings to snatch control. Hillsdown retains 15 per cent of Pittard Garnar.

This time, via its 22-page submission to the OFT, delivered last Friday, Strong is attempting to head off MMC worries. Last time round the arguments put forward centred on three areas of this complex industry.

First, it was argued that a merged group would buy a substantial amount of the lambskins and sheepskins produced by British abbatoirs; second, that there were monopoly considerations at the fellmongery *stage (where wool is removed from the skins)*. This, it was suggested, could arise in terms of skin supply to other fellmongeries and also in the output of



pickled pelts to other UK tanners. The third issue – stressed by the National Union of Footwear, Leather and Allied Trades – was that a significant number of jobs could be at stake.

Strong's new submission maintains that neither of the first two points hold. It claims that of the total UK kill – about 18m skins in 1987 – the merged group would buy less than one third. It puts its own purchases at about 3.5m skins and estimates Pittard's at 2m.

On the second point, it suggests that other UK fellmongers have an independent supply of raw material, emanating from traders and brokers. These intermediaries, it claims, take half the output of UK abbatoirs. Strong also stresses forcibly the international nature of the leather industry, pointing out that 72 per cent of UK lamb and sheepskins end up in the hands of foreign fellmongers and tanners. A stronger group, runs the argument, would be better able to compete on a international basis.

Pittard, on the other hand, puts out quite different figures – suggesting that the merged group would take between 7m and 8m skins from the abbatoirs and control over 50 per cent of British production. It points out that only 5m skins are exported in the raw, and that both companies have a substantial hand in processing the ultimate 72 per cent that go overseas.

On the international issue, it stresses that in Italy and Spain fragmented national industries compete successfully in the world market. It also says that Strong has not addressed the fact that the merged group *would process about three-quarters of skins tanned in the* UK.

MMC queries aside, the prospective *struggle looks potentially* fierce. Strong's reasons for bidding have shifted somewhat. Since the previous assault, it has filled in geographical gaps on the supply side, and this time argues that it is the meshing of Pittard's original niche gloving leather business with its own niche clothing leather interests, and the skills it could bring to Pittard's clothing interests which provide the rationale. It makes clear that it would expect to sell on Pittard's shoe leather operations and to examine the role of the trading side.

The structure of the bid, however, involves an additional £35m loan facility for Strong & Fisher, part of which would be repaid from the sale of the shoe leather interest. This, according to Mr Richard Strong, the managing director, would take gearing immediately after the bid to around 175 per cent, dropping to perhaps 120 per cent after the sale.

Pittard, on the other hand, scarcely has the sort of recent record which defending companies welcome. Last *month* it reported a £2.54m pre-tax loss in the first half to July 1, after the fall in raw material prices this spring led to serious stock losses and some dishonoured contracts. Exceptional costs amounted to £2.26m. It has, however, held the interim dividend and is talking of a better second half.

Strong reported full year profits to end-June up 29 per cent at £7.81m. But while clearly avoiding raw material price gyrations, the quality of this increase is impossible to judge.

Both sides, *it* seems, have plenty of ammunition at hand, and with Hillsdown in the wings, it could be an interesting battle. The Pittard price, at 197p some 8.5p above the offer cash and paper terms, certainly indicates that it will be.

Bejam sees profits frozen at £24m

By Vanessa Houlder

BEJAM GROUP, frozen food chain, yesterday announced a major revamp of its trading strategy following "disappointing" progress over the past year.

For the year to July 2, pre-tax profits increased to £24.3m (£23.6m) on turnover up by just over 6 per cent to £528.7m (£496.8m).

Bejam intends to target individual stores, depending on their catchment area, at specific customer groups. In the current year, it will pilot at least two variations on the freezer centre theme, one of which will be emphasising lower prices and one of which will be offering more upmarket, added value products.

Profits were held back by a sharp increase in interest costs after heavy investment in new stores and high insurance claims for food spoilage following last October's hurricane.

Underlying operating profits increased by 10 per cent to £26.7m.

A total of 25 new freezer centres were opened during the year, which following the closure of 10 older stores, left Bejam with 267 such outlets at the year end. The investment programme cost £36.5m, resulting in an increase in interest charges from £713,000 to £1.9m.

Freezer centres increased sales by 7 per cent to £436.2m. Victor Value, the high street supermarket chain bought from Tesco in 1986, increased sales by 1.7 per cent to £90.6m. Wizard Wine warehouses made sales of £1.81m.

The £500,000 cost of claims from insured freezer customers, was treated as an exceptional item. There was an extraordinary item of £745,000

John Apthorp, chairman of Bejam Group.

resulting from the sale of interests in Olaf Food Group.

Earnings per share rose by 6 per cent to 12.4p (11.7p). A final dividend of 2.75p was proposed for a total of 5.25p (4.75p).

● COMMENT

Analysts yesterday described Bejam's new strategy as a case of "heads you win, tails I lose". That is because even if Bejam succeeds with its new pilot stores, converting the rest will involve a long period of disruption and mediocre profits growth for several years to come. That said, some initiative to inject new vigour into Bejam's feeble sales growth was clearly vital. And if its effort to focus its stores more tightly seem to be taking a leaf out of the book of Iceland, its more successful rival, it is a welcome one. Analysts expect profits of £27m for the full year, which puts the shares, down 3p to 160p, on a rating of 11.5. This rating continues to be inflated by bid hopes, which although tenuous, seem unlikely to go away.

Maunders sees profits jump 56% to £4.77m

By Andrew Hill

JOHN MAUNDERS Group, Manchester-based housebuilder, announced pre-tax profits of £4.77m in the year to June 30, up 56 per cent on the 1986-87 figure of £3.05m.

The directors have recommended an increase in the final dividend to 2.1p, making 3.15p for the year, 66 per cent up on last year's 1.9p.

Second-time buyers accounted for 80 per cent of the year's production, up from 699 to 754 units, as the average selling price of Maunders' homes rose from £43,000 to £52,000.

Mr Geoffrey Swarbrick, finance director, said the bias of Maunders' business – 75 per cent of which comes from the north-west of England – would alter as the group's East Anglian subsidiary, formed during the year, began to contribute.

Within two years, he said, 25 per cent of group turnover could come from the south, 25 per cent from East Anglia, and the balance from the north-west.

Turnover during the year rose to £42.2m (£31.4m) and earnings per share from 9.48p to 12.66p.

Illingworth breaks off bid talks with Allied Textiles

By Alice Rawsthorn

ILLINGWORTH MORRIS has broken off discussions over a possible takeover bid from Allied Textiles. Both companies are powerful players in the Yorkshire wool textile industry.

Illingworth's shares, which have risen rapidly in the past week or so on bid speculation, fell by 19p to 198p yesterday. The Allied share price, which had fallen since its name was linked with Illingworth, rose by 7p to 339p.

The discussions are believed to have faltered on the issue of price and on the prospects of breaking up the Illingworth group.

Allied, which has extensive interests in the specialist area of wool textiles, has a substantial cash pile. But Mr Russell Smith, its chairman, is renowned in the Yorkshire wool industry as a tough negotiator with a penchant for finely priced deals.

By contrast Mr Alan Lewis, chairman of Illingworth, is thought to want a healthy premium for the controlling interest (51 per cent) that he bought five years ago. Illingworth is understood to be continuing discussions with other companies about the possibility of a bid.

Illingworth was in crisis when Mr Lewis took control in a highly controversial takeover five years ago. The board had been plunged into a bitter battle ever since Mrs Pamela Mason, once a Hollywood starlet, had inherited the company from her father.

The group has since returned to growth. It has been shrouded by bid speculation for some months since Mr Lewis – who is thought to want to concentrate on his financial interests – transferred his holding to a family based trust in the Netherlands Antilles.

French option for Avis Europe

By Ray Bashford

AVIS EUROPE, car leasing and rental group, has acquired an option to buy the remaining 50 per cent of Sogen Avis, the Paris-based contract hire car business.

The option has been taken for a total consideration of FFr93.8m (£8.8m) and Avis intends to exercise its right before the end of the year.

The option is being acquired from Société Générale, the French banking group.

A minimum of FFr31.7m will be satisfied through the issue of shares and the remainder will be settled through further shares or cash, at the option of Societe Generale.

Avis Europe said that the equity link with Société Générale would further strengthen the relationship between the two companies.

Mr Alun Cathcart, Avis Europe's chief executive, said Sogen was formed 14 years ago as a joint venture with Société Générale and Avis had since managed day-to-day operations. Sogen has a fleet of 18,000 cars and its network includes all major French cities.

Sogen made a pre-tax profit of FFr22.9m in the year to December 31 and had net assets of FFr16.5m at that date.

Laing Properties meets expectations with £11m

By Paul Cheeseright, Property Correspondent

LAING PROPERTIES, which has half of its assets in North America, yesterday announced interim pre-tax profits precisely in line with market expectations and raised its interim dividend to 4.5p from 4p last time.

Pre-tax profits for the six months to end-June were £11m compared with £9.6m in the first half of 1987 and £10.7m at the year-end. Fully diluted earnings per share increased to 12.7p from 11.6p.

The group, 40 per cent-owned by members of the Laing family and their trusts, has become increasingly active over the past 18 months, reshaping its portfolio and more vigorously managing its assets. Some 20 per cent of gross profits in the first half of 1988 came from trading.

The shares have attracted takeover speculation since Chelsfield, the private company controlled by Mr Elliott Bernerd, declared a 5 per cent stake last July. But Mr Brian Chilver, Laing's chairman, said Mr Bernerd had not since been in contact.

Following the purchase last May of four large shopping centres in Canada for C$180m (£77m), Laing has decided to sell four of its own smaller shopping developments in Canada. The four properties are being bought by Jaffson Properties for C$56m.

One object of the sale was to reduce gearing. Mr Chilver said that Laing's gross assets are half funded by borrowing and half by equity. Laing is replacing some of its short-term debt with funds from a $150m multi-option facility announced last week.

Although Laing has been reducing its exposure on the US office market, it is continuing with other developments and yesterday said that it had started work on a high-rise apartment building in Atlanta that could have a completed value of $40m (£24m).

Laing is abandoning its policy of confining property valuations to once every three years. Its portfolio will be valued in December and is expected by analysts to produce a net asset value per share of between 550p and 590p, a slight premium to the market price.

Crown Communications in bid for Radio Mercury

CROWN Communications, the corporate video and commercial radio group, is making a recommended offer for Radio Mercury, an independent local radio station.

The company is offering 11 Crown shares for every 2 Mercury, or 900p in cash. The share alternative values Mercury at £5.6m and each share at 940.5p. Crown already holds 18.3 per cent, has undertakings of acceptance for a further 21.2 per cent, and has qualified support for a further 13.7 per cent.

Helical Bar profits surge

By Paul Cheeseright, Property Correspondent

HELICAR BAR, the property development, investment and trading company which last year was a stock market favourite, yesterday announced sharply increased pre-tax profits and a significant acquisition in Wales.

Pre-tax profits for the half year to July were £5.84m against £2.14m in the 1987 first half. Earnings per share rose to 19.1p from 6.7p.

The interim dividend is doubled to 0.8p. Total payments for 1987 were 3.4p.

A joint venture company formed between Helical Bar and Richard Morgan is spending £29.37m to buy an agricultural and commercial property portfolio in Wales with 270 tenancies from Ropemaker Properties, trustee of the BP Pension Fund.

The purchase is intended to give Helical Bar a presence in the Welsh property market, in the same way that the purchase of the commercial property assets of the Aycliffe-Peterlee Development Corporation late last year took it into north-east England.

Profits of Helical Bar have in the past mainly accrued from the sale of a City of London development. However, it has been changing the nature of its earnings. This is demonstrated by first half profits which came largely from the trading of industrial properties and the trend will continue in the second half, although it will be boosted by the sale of developments to BP and the Bank of Wales.

Helical Bar's portfolio of industrial property now covers 5m sq ft. It has been using trading revenue to help build up an investment portfolio.

At the end of the first half, Helical Bar had net borrowings of £37m, expected to fall with the sales to BP and the Bank of Wales, and facilities available of £100m.

The group wants to increase liquidity in order to be able to act quickly on any purchase opportunities. But also, it clearly has some misgivings about the current state of the market. "After two years in which property prices have risen rapidly, your company approaches the next two years with caution," shareholders were told.

TSW rises 20% to £3m

TSW, the independent television contractor for south-west England, raised pre-tax profits by 20 per cent from £2.5m to £3m in the year to July 31. Turnover rose from £32.36m to £36.01m.

Advertising revenue amounted to £34.46m, a 12 per cent rise on the previous year.

Programme sales fell to £860,000 (£1.09m). Other income came to £690,000 (£601,000). The exchequer levy took £1.06m (£772,000).

The directors recommend an increased final dividend of 2.25p (1.87p), for a total of 3.15p (2.7p), on earnings per 5p share of 8.43p (7.32p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Anglo American Inv, Austin Reed, Elam, Jacques Vert, Mustarlin, Polymark Intl, Therale, Walker Greenbank.

Finals- Druck, Galliford, Photo-Me, Witwatersrand Areas.

FUTURE DATES

Interims-

Derwent Valley	Oct. 18
Runciman (W)	Oct. 18

Final-

Cramphorn	Oct. 18

Higgs and Hill tops £11m midway

By Andrew Hill

HIGGS AND HILL, construction, property and housebuilding group, increased taxable profits by 45 per cent from £7.77m to £11.3m in the first half of 1988.

Turnover rose from £141m to £161m and earnings per share from 13.91p to 20.14p. The interim dividend is raised from 3p to 4p.

Mr Brian Hill, chairman, said the group had experienced a strong contribution from property development and trading, both in the UK and France. Higgs and Hill was also expecting to announce shortly its first projects in the Netherlands and Spain.

Continued rationalisation of the property investment portfolio led to an extraordinary gain of £3.65m, which included profits on the sale of an office investment in London's Charing Cross Road.

Mr Hill said UK construction companies now had forward orders which would provide work for the division through 1989, while the housebuilding operation had shown a substantial increase in profits.

For the whole year, Higgs and Hill aims to build approaching 600 houses, at an average price of about £110,000, in East Anglia, Essex, the Home Counties and the West Country.

"We are not in anyway pessimistic about the future of the market. We are being realistic when we say that the rate of house price inflation will reduce, but it's not going to affect demand for the sector and the locations we operate in," Mr Hill said.

He added that the group had not been buying land in the market recently, but had a supply which should last about four years. Mr Hill said the group was happy to let this fall to three years' supply while waiting for prices to come down.

● COMMENT

Careful, conservative Higgs and Hill looks a firm defensive bet in a depressed construction sector, which explains why the shares are at a premium to other builders' stock. These figures were better than expected, with margins improving from 5.5 per cent to 7 per cent on the back of strong property and housebuilding performances. Analysts are forecasting about £23m before tax in the current year, and tend to agree with Mr Hill's assertion that the group's housebuilding activities are reasonably well-protected both against softness at the luxury end of the market and, at the other extreme, uncertainty among first-time buyers. Property development is increasingly weighted away from the London market which is an added defensive advantage, and a rights issue is unlikely given the group's minimal borrowings. The shares rose 4p to 338p yesterday, and are on a prospective multiple of about 8.

Albert Martin up 43% to near £1m

By Alice Rawsthorn

ALBERT MARTIN, clothing manufacturer and importer, increased pre-tax profits by 43 per cent from £636,000 to £912,000 in the six months to June 30 on sales up by 14 per cent from £23.18m to £26.34m. Some 30 per cent of group sales are to Marks and Spencer.

Mr Michael Kidd, chairman, said the group had performed well during the interim period but that the Far East contribution was reduced by the weakness of the Hong Kong dollar.

The currency's weakness, combined with the reorganisation of the knitwear division, restricted growth in operating profits to 10 per cent to £1.1m.

However, the company benefited from the proceeds of last autumn's rights issue which eradicated borrowings and reduced interest payable to £178,000 (£360,000).

Earnings per share rose to 4.5p (3.7p), and the interim dividend is lifted from 1.4p to 1.5p.

The UK manufacturing activities secured an increase in sales during the first half, but margins came under pressure due to increased competition and price inelasticity.

Martin expanded its UK interests by acquiring F H Drabble, fabric dyer and finisher, and Burnham, which makes blouses and lingerie for Marks and Spencer. It is now investing £650,000 in its dyeing and finishing facilities.

Mr Kidd said that knitwear, which made a loss in 1987, was "making progress". The knitwear workforce has been reduced from 750 to 600 over the last year and its customer base redirected from export to the UK multiples.

The knitwear market has become increasingly competitive since the start of this year. Mr Kidd said that prospects for a return to profit would "depend on the progress in the second half".

Like many UK clothing companies Martin is expanding its overseas sourcing and manufacturing activities to counter the impact of the strong pound. It has just opened a new £800,000 warehouse in the UK to handle imported merchandise.

The company recently increased its capacity in Sri Lanka and has opened a new plant in Dubai. It also plans to expand production in Macau.

CE Heath plans loans to revive Australian business

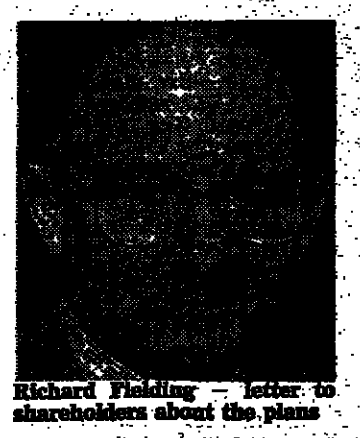
By Nick Bunker

C.E. HEATH, the London-based insurance broker now in a recovery phase after severe problems in 1986-7, yesterday announced plans to revitalise its troubled Australian underwriting operations. This is to be achieved with the help of A$50m (£23.37m) in loans guaranteed by Hambros Bank, part of the Hambros group which owns 17 per cent of Heath's shares.

Also central to the plan is a proposal to restructure Heath's Australian underwriting subsidiary into two companies. The intention is to isolate the problems Heath faces from liabilities under old workers' compensation insurance policies which it issued in the state of Victoria.

Mr Peter Presland, a Heath director, said yesterday that this would help the remainder of its Australian-based underwriting operations to develop profitably with a view to possible future flotation.

The news lifted Heath's shares to close up 15p at 438p last night.



Richard Fielding — letter to shareholders about the plans

The historical background is that Heath had about 25 per cent of the Victoria workers' compensation insurance market until 1986, when the state decided to nationalise that type of insurance business. Heath had to put its Victoria workers' compensation portfolio into a "run-off", meaning that it stopped underwriting new business but continued to pay claims on old policies.

At the same time, Heath's Australian underwriters developed into new areas, primarily professional indemnity and public liability insurance in Australia and New Zealand, workers' compensation in California and reinsurance in Hong Kong.

In a letter to shareholders, Mr Richard Fielding, Heath's chairman, said yesterday that the restructure would create a new Australian holding company — C.E. Heath International Holdings — to develop these new underwriting ventures and possibly seek flotation.

The financial details are that the Heath group will borrow $50m from Australian banks under a Hambros guarantee, and use it to capitalise the new holding company with $45m of net assets, enabling it to underwrite up to $300m in annual premiums.

The new company will take over all Heath's developing Australian-based underwriting, leaving the Victoria run-off within C.E. Heath Underwriting and Insurance (U&I), Heath's existing underwriting subsidiary.

This will leave U&I with net assets of $99m and technical reserves of $104m available to meet its Victoria workers' compensation liabilities.

Eldridge Pope £4.3m purchase

By Vanessa Houlder

Eldridge Pope, Dorchester-based brewer, has acquired the Highcliff Hotel, Bournemouth, for £4.26m.

The move is in line with the company's efforts to diversify further into the hotel and leisure fields. Highcliff, a four-star hotel, is expected to make operating profits of £261,000 (£230,000) for the year to the end of March 1988. Its net assets are £2.8m.

Eldridge also announced that after a revaluation, the revised gross value of its properties (excluding Highcliff) is expected to be not less than £69m, compared with £27.4m in the last balance sheet at the end of last September.

Floyd Energy reduces loss

FLOYD ENERGY, USM-quoted oil and gas and coal mining company, reduced losses from £525,000 to £374,000 in the six months to June 30. Turnover soared from £928,000 to £3.84m.

The directors said that within the oil division the half-year had been a period of consolidation, with Floyd Spain making a small positive contribution.

The investments of New Darien Oil Trust, acquired in August, had been largely liquidated. The proceeds would be used for further energy related acquisitions.

Administration expenses rose sharply to £1.07m (£541,000), but interest receivable and similar income was £257,000 (£39,000).

The loss per share fell to 0.68p (1.83p).

Floyd now has net assets of around £27m and net cash of £4m.

The high court has sanctioned the elimination of the deficit on the profit and loss account thereby allowing dividends to be paid out of future profits.

The company said the group faces the future with a more broadly based range of activities and a growing stream of earnings.

Plumb advances 51% midterm

Plumb Holdings, USM-quoted shopfitter, revealed pre-tax profits 51 per cent higher at £1.53m for the six months to July 30.

The increase from £1.01m was posted on turnover 83 per cent up at £32.42m (£17.68m).

Earnings per 5p share worked through at 7.3p, up from 5.2p last time, an improvement the directors attributed to organic growth and first contributions from Osta and Hawkes.

The interim dividend is raised to 1.75p (1.25p).

IMI acquisitions

IMI's Yorkshire Fittings offshoot has strengthened its copper plumbing fittings operation in Europe via the purchase of Raccord Orleanais of France and the outstanding 50 per cent of West Germany-based R Woeste for a total £6.5m.

Blanchards downturn to £1.8m losses

Blanchards, USM-quoted interior designer and decorator, reported pre-tax losses of £1.79m in the year to June 30, compared with a £562,000 profit.

Turnover rose from £8.64m to £9.38m and after a tax credit of £450,000 (£219,000 charge) and £2,000 (£11,000) minorities, losses per 10p share came out at 18.09p (6.4p earnings). There was an extraordinary credit of £323,000 (nil).

No dividend (4.5p) is being paid for the year.

Clarke Hooper sets up design division

Clarke Hooper, USM-quoted international marketing services group, has formed a Vancouver-based design division within its principal Canadian company, Marketing and Promotion Group.

A team of ten designers, previously trading as The Design Works, has joined Clarke Hooper. They will form the new division which will specialise in corporate identity, financial and corporate communications, retail design and packaging.

S&U Stores profits slip

S&U STORES, instalment credit financier and hosiery manufacturer, saw pre-tax profits slip £22,000 to £775,000 in the six months to July 31.

Turnover was down £94,000 to £18.15m and Mr Derek Coombs, chairman and managing director, said that trading levels were now improving.

After reduced tax of £271,000 (£282,000), earnings per share worked through at 4.64p (5.08p). The directors have maintained the interim dividend at 1.25p.

Brown & Jackson profit doubled to £0.7m midway

MORE THAN doubled pre-tax profits of £703,000 were reported by Brown & Jackson for the six months to June 30. The previous figure was £327,000.

An interim dividend of 0.1p is declared. Earnings per 20p share moved up from 0.7p to 1.7p.

Turnover for the company, which has interests in marketing and distribution, building and property development, rose by 39 per cent from £9.17m to £12.71m. The directors said trading in the second half continued to go well.

During the six months, the retail and toiletry wholesale interests achieved net profits of £334,000 and the property and systems building subsidiaries contributed £306,000. ATI, recently-acquired security alarm business, had shown remarkable growth, with net profits of £267,000 against a small loss in the comparable period, they said.

Tax took £81,000 (£48,000). Last time there was an extraordinary profit of £1.45m on the disposal of a subsidiary.

GRANVILLE SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
235	185	Ass. Brit. Ind. Ordinary	235	0	8.7	3.7	8.8
235	186	Ass. Brit. Ind. Cals	235	0	10.0	4.3	-
40	25	Armitage and Rhodes	37	+1	-	-	-
57	37	BBB Design group (USM)	37	0	2.1	5.5	5.9
171	155	Bardon Group	171	0	3.3	1.9	24.1
115	100	Bardon Group Conv. Pref.	115	0	6.7	5.8	-
148	128	Bray Technologies	128	0	5.2	4.1	9.3
114	100	Breedhill Conv. Pref	111	0	11.0	9.9	-
287	246	CCL Group Ordinary	287	0	12.3	4.3	4.3
165	124	CCL Group 11% Conv.Pref	165	0	14.7	8.9	-
151	129	Carlo Plc (SE)	150	0	6.1	4.1	13.0
113	100	Carlo 7.5% Pref (SE)	112	0	10.3	9.2	-
321	147	George Blair	321	+1	12.0	3.7	7.1
112	60	Isis Group	112	0	-	-	14.7
118	87	Jackson Group (SE)	111	+1	3.4	3.1	12.3
350	245	Multihouse NV (AmstSE)	270	0	-	-	-
115	40	Robert Jenkins	115xd	0	7.5	6.5	4.3
430	124	Scrattons	415	0	8.0	1.9	37.7
280	194	Torday & Carlisle	280	0	7.7	2.8	13.6
96	56	Trevian Holdings (USM)	80	0	2.7	3.4	8.6
113	100	Unistrut Europe Conv Pref	108	0	8.0	7.4	-
305	205	W.S Yeates	304	-1	16.2	5.3	58.5

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA

These Securities are dealt in strictly on a matched bargain basis. Neither Granville & Co nor Granville Davies Ltd are market makers in these securities

Granville & Co. Ltd.
8 Lovat Lane, London EC3R 8BP
Telephone 01-621 1212
Member of TSA

Granville Davies Limited
8 Lovat Lane, London EC3R 8BP
Telephone 01-621 1212
Member of the Stock Exchange & TSA

S Jerome in Scottish textile expansion

By Graham Deller

S JEROME & Sons (Holdings), West Yorkshire-based textile and electronics group, yesterday unveiled a Scottish acquisition together with a 33 per cent expansion in interim profits.

The group is buying Gardiner of Selkirk, a traditional woollen fabric and yarn business. The consideration of £1.85m will be satisfied via the issue of 787,234 new Jerome ordinary to be placed on the vendor's behalf.

Mr Alan Jerome, chairman, said Gardiner would "both complement and enhance the existing horizontally integrated range of textile activities."

In the interim period to July 23, Gardiner achieved pre-tax profits of £364,000 on turnover of £3.41m. Net assets at that date amounted to £2.24m. It traditionally incurs a small deficit in the second half.

Jerome also proposes to raise approximately £1.64m through the issue of another 697,814 new shares. Cash proceeds will be utilised to strengthen the capital base and reduce borrowings.

Both share issues are subject to an open offer to shareholders on a one-for-four basis at 235p per share. Directors, trustees, family trusts and certain of their families have waived rights to apply in respect of their entitlement of 708,413 shares which have been placed with clients of James Capel at 235p. The remainder of the issue has been underwritten by Singer & Friedlander.

Meanwhile, pre-tax profits at Jerome for the six months to June 30 rose from £872,000 to £1.16m, on turnover of £13.81m (£11.96m). Earnings per share worked through at 12.8p (9.8p) and the interim dividend is lifted to 2.6p (2p).

Strong recovery for J Finlay

A STRONG recovery has been achieved at James Finlay in the six months to June 30 1988. The international trader and financier reported pre-tax profits of £4.5m, against a £115,000 loss in the comparable period and profits of £3.12m for 1987. Group turnover increased 26 per cent

The directors said the improvement reflected the considerably reduced losses of North Sea servicing activities and of other energy related activities. Breakdown of group pre-tax profit shows these losses reduced to £1.54m from £4.02m.

At Seaforth Maritime, demand for supply vessels remained poor, but older vessels had been sold and the fleet was now more competitive. The company is not expected to make a profit this year, but reduced overheads and marketing in non-ship areas are expected to produce substantially improved results.

The rationalisation of oil and gas interests in North America continued with the sale of the Nebraska and Phoenix interests, producing a small profit.

The group's plantation interests, excluding Bangladesh which is not usually included at this stage, contributed profits of £1.57m (£771,000). The directors warned that the continuing low price of tea and the recent fall in oil would inhibit the group's return to significant profits. But results for the current year were likely to be materially better than in 1987.

There was a sharp rise in profits from confectionery and beverage manufacturing from £865,000 to £1.41m and in investments a net gain on disposals of £595,000 (£421,000). Banking services, finance and international confirming contributed £822,000 (£679,000).

After tax of £2.38m (£828,000) earnings advanced to 2.8p (0.7p). The interim dividend is held at 2p.

Textiles setback hits Beckman

AS FORECAST in April's interim statement, A Beckman, textile and property investment and development group, suffered from the continuing import of garments from cheap labour countries.

Announcing group taxable profits down 8 per cent to £1.36m for the year to June 30, the directors said the setback was due to the envisaged disappointing performance of the textile division which reported static turnover and significantly reduced margins. Trading profits at the division declined from £1.14m to £788,000.

Textile trading in the current year showed no improvement to date, the directors stated.

However, trading profits at the property side, up 23 per cent to £836,000, were described as satisfactory and would benefit in the future as rents receivable were reviewed periodically.

Group turnover totalled £15.39m (£14.89m), and earnings per 10p share dipped to 8.9p (10.5p). The proposed final dividend is maintained at 3.78p, making an unchanged 5.78p for the year.

SHARE STAKES

Recent changes in company share stakes include:

Apricot Computer Group — Barclays Nominees has acquired 425,000 ordinary and now holds 1.28m (19.66 per cent).

ATA Selection — Director Mr Barney Barnet and a trust for his children have disposed of 3.58m shares at 67p. The shares were placed with clients of PK English Trust and Fiske and Co.

Campbell and Armstrong — The Prudential group of companies, together with that of the segregated funds which they manage for clients, hold 669,812 ordinary (5.28 per cent).

Allied Colloids Group — George Weston Holdings has an interest of 5.39 per cent.

South West Resources — Dominion International Group has disposed of 6m ordinary (11.5 per cent) and now holds 10.2m (19.6 per cent).

London Entertainments — Banque Paribas (registered holder Paribas Nominees) has disposed of 920,000 ordinary (25.07 per cent) and now holds 180,000 (4.9 per cent). Trustees of the Oceanside Trust No.2 — a family settlement established by Mr Roger Abraham (registered holder Algemene Bank Nominees) — has acquired 920,000 London Entertainments ordinary (25.07 per cent) and now holds 1.1m (29.97 per cent).

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY — Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OUTPUT — By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1985=100); housing starts (000s, monthly average).

	Consumer goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXTERNAL TRADE — Indices of export and import volume (1985=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserves US$bn
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL — Money supply M0, M1 and M3 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit; all seasonally adjusted. Clearing Bank base rate (end period).

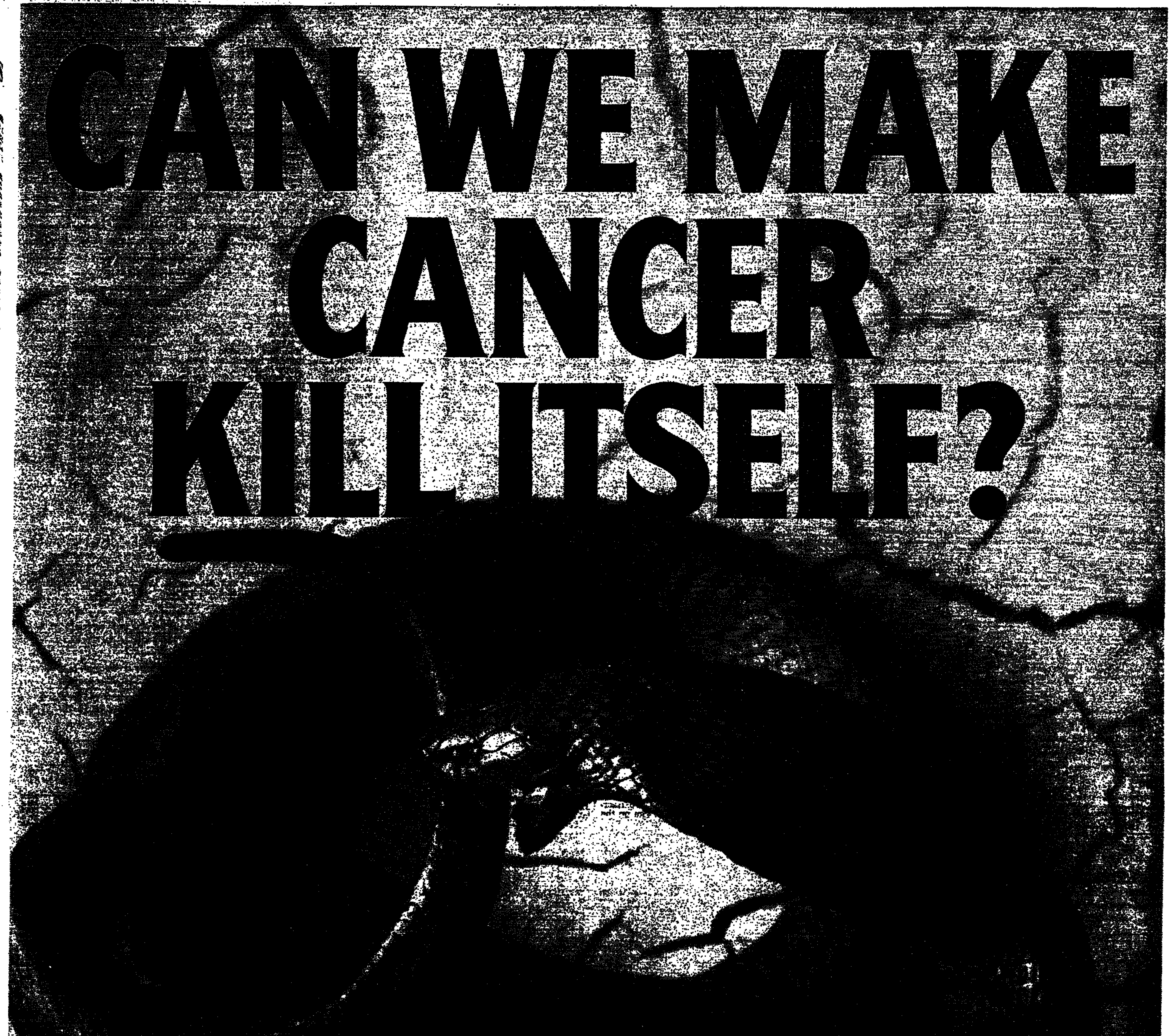
	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmr. credit £m	Base rate %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INFLATION — Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

	Earn-ings	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters*	Sterling*
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*Not seasonally adjusted.

[illegible]



What makes cancer deadly is the way its cells multiply completely out of control.

Steadily the tumour grows and seed cells drift through the body to colonise new sites.

But cancer isn't invincible. Our scientists are working on a new technique that starts with live cancer cells taken from the patient's own tumour.

First, cells from the tumour are irradiated so that they are no longer able to multiply.

Then they are re-introduced into the patient's body, to goad his immune system into action.

This also enables us to find and isolate vital antibody-producing cells which can then be put to work for us in the laboratory.

We can use the antibodies to seek out and attack similar cancers in other patients.

This piece of poetic justice is called the human monoclonal antibody technique.

It's just one of several encouraging steps our scientists are currently excited about.

As one of the world's biggest chemical companies, 68,000 strong, at work in fifty countries, active in healthcare, chemicals, fibres and coatings, we spend millions each year on research.

Every year we make new discoveries. But nothing would give us as much satisfaction as turning cancer against itself.

AKZO

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Init Chge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Anthony Wieler Unit Tst Mgmt Ltd (1000)F						
19 Widegate St, London E1 7HP 01-377 1010						
Growth Income	5	102.4	104.7	111.4	.....	1.4
Do Accum	5	144.0	147.2	156.6	.....	1.4
Quarterly Income	5	50.61	52.86	56.23	.....	7.0
Arkwright Management (1400)F						
1 King St, Manchester M60 3AH 061-832 0242						
Growth Oct 4	5	91.93	91.93	97.80	.....	2.40
Income Oct 4	5	46.35	47.13	50.14	.....	4.91
Buckmaster Mangmt Co Ltd (1200)H						
The Stock Exchange, London EC2P 2JT 01-588 2868						
Emerging Gwth	5	57.96	59.48	63.11	+0.21	1.63
(Accum Units)	5	58.40	59.92	63.58	+0.21	1.63
Fellowship Tst	5	58.77	60.57	64.27	+0.11	1.99
(Accum Units)	5	59.90	61.73	65.50	+0.11	1.99
General Inc	5	260.9	260.9	275.9	+5.5	3.05
(Accum Units)	5	431.0	431.0	455.8	+9.2	3.05
Income	5	138.9	143.56	152.4	+2.2	4.28
(Accum Units)	5	261.8	270.7	287.2	+4.5	4.28
International	5	105.3	105.3	111.4	+0.8	1.82
(Accum Units)	5	142.7	142.7	150.9	+0.9	1.82
Smaller Co's	5	95.83	98.21	104.2	-0.1	1.67
(Accum Units)	5	104.1	106.7	113.2	-0.1	1.67
Inv Portfolio	2½	47.99	49.50	52.05	+0.75	4.00
London & Manchester (Tst Mgmt) Ltd (1000)H						
Winslade Park, Exeter EX5 1DS 0392 282673						
American	5	30.11	30.43	32.30	+0.80	0.8
General	5	48.32	48.55	51.54	+0.71	3.6
Income	5	43.57	43.98	46.69	+0.41	5.9
International	5	34.91	35.23	37.40	-0.01	0.9
Japan	5	48.31	48.35	51.34	-0.56	–
Tst of Inv Trusts	5	35.06	35.84	38.05	+0.29	2.0

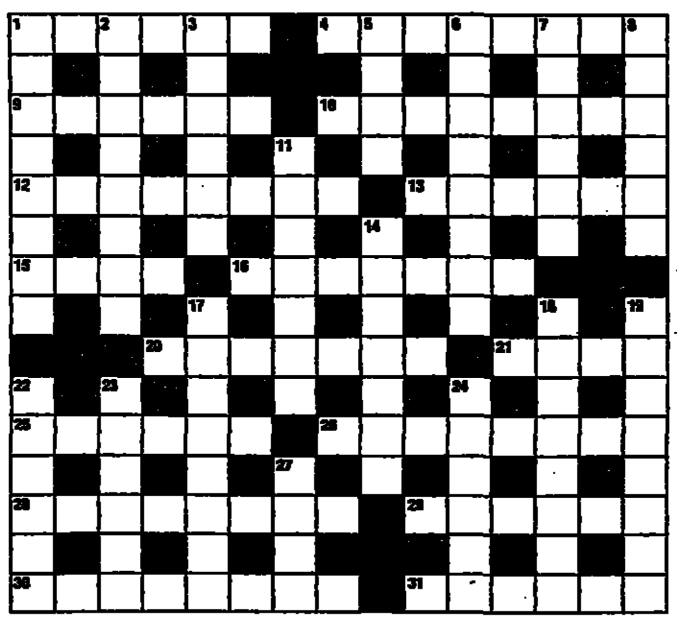
I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD
Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIG

FT 30	FTSE 100	WALL STREET
Oct. 1469/1478 +12	Oct. 1824/1834 +17	Oct. 2104/2116 -1
Dec. 1472/1481 +13	Dec. 1828/1838 +18	Dec. 2111/2123 +1

Prices taken at 5pm and change is from previous close at 9pm

CROSSWORD

No. 6,752 Set by VIXEN



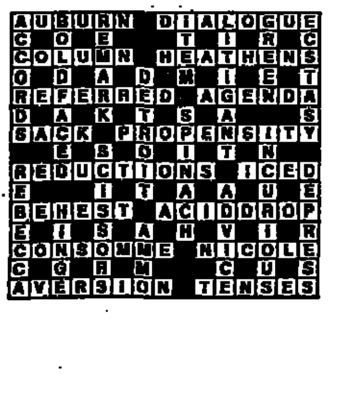
ACROSS

1 Tinker, a man of clay (6)
4 Follower making a record pile possibly (8)
9 Cooked joints of meat, using the right ovens (6)
10 Attractive – naturally (8)
12 Turning "X" in, even the score almost (8)
13 A step bringing direst trouble (6)
15 In all circumstances a fellow should be reliable (4)
16 Choosing who will play can be *off*-putting (7)
20 Retribution seems in order (7)
21 Pen a note in church (4)
25 Scope for manoeuvring is general by the way (6)
26 Sent in a plant when taken ill (8)
28 The one sport among all others most likely to cause injury (8)
29 Engineers make some improvement (6)
30 A good man, the senior guide, but he's not well-known (8)
31 Respecting a boy's sound mind (6)

DOWN

1 Exchanging presents – the impudence! (8)
2 Does it help to cut the drink? (3-5)
3 Property among the finest – a term used by developers (6)
5 A painter stays inside in this country (4)
6 Even but scant – not freely available (8)
7 Set free, though rotten (6)
8 Once up-river receive a hundred – top that! (6)
11 Denied the necessity to carry a gun (7)
14 A music man can get nastier (7)
17 Tale involving a member of the family (8)
18 Pictures of primitive transport and so on may be shown (8)
19 A capital executor! (8)
22 "Ben Battle was a soldier bold, and used to war's —" (Hood) (6)
23 Smirk about a boat that's inferior (6)
24 Make erasures as allowed in a letter (6)
27 A little land is left – a quarter (4)

Solution to Puzzle No.6,751



GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♠ - 1101 to 1400 hours; ♣ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB Unit Trusts (y) C1600F						
Charlton Pl, Andover, Hants. SP10 1RE						0264 63434
TSB American	5	100.35	100.35	107.00	+0.35	2.17
Do Accum	5	108.24	108.24	114.95	+0.27	2.11
TSB Brit Growth	5	53.81	53.81	57.26	+0.46	3.31
Do Accum	5	56.31	56.32	59.90	+1.01	3.32
TSB European	5	50.88	50.88	54.13	+0.03	1.14
Do Accum	5	52.26	52.26	55.60	+0.04	1.14
TSB Extra Income	5	143.07	143.07	152.20	+1.35	5.46
Do Accum	5	184.68	184.68	196.47	+1.73	5.94
TSB Smaller Cos	5	52.39	52.39	55.73	+0.07	1.25
Do Accum	5	53.35	53.35	56.73	+0.08	1.25
TSB General	5	176.25	176.25	187.50	+2.94	3.55
Do Accum	5	305.09	305.09	324.56	+5.09	3.55
TSB Gilt & Fxd Int.	3¼	47.49	47.49	49.32	+0.06	8.92
Do Accum	3¼	71.99	71.99	74.46	+0.09	8.93
TSB Income	5	262.58	262.58	279.34	+3.07	5.01
Do Accum	5	438.90	438.90	466.91	+6.47	5.01
TSB Pacific	5	197.53	198.53	211.20	-1.03	0.33
Do Accum	5	205.39	206.41	219.58	-1.07	0.33
TSB International	5	317.06	317.06	338.09	-0.90	1.05
Do Accum	5	398.83	398.83	425.29	-1.13	1.05
TSB Nat. Resources	5	59.17	59.82	63.64	+0.40	1.43
Do Accum	5	62.67	63.36	67.40	+0.40	1.43
TSB Sictd Opps	5	77.92	77.92	82.89	+1.01	2.41
Do Accum	5	88.92	88.92	94.60	+1.16	2.41
Target Trust Mngrs Ltd C1600H						
Target Hse, Gatehouse Rd, Aylesbury, Bucks.						
Admin: 0296 394000					Dealing: 01-379 0850	
American Eagle	5	64.37	64.37	68.75	-0.06	0.86
Australia	5	7.150	7.150	7.657	-0.01	0.10
Commodity	5	74.30	74.30	80.19	-1.61	0.62
Convertible	5	140.0	140.0	150.28	+0.85	5.07
Equity	5	150.5	150.5	162.1	+0.9	3.22
Euro Spec Sits	5	80.28	80.28	86.24	+0.17	1.58
Financial	5	30.39	30.39xd	32.69	+0.13	2.48
Global Opps Inc	5	55.12	55.12	59.27	-0.08	0.43
Global Opps Acc	5	55.12	55.12	59.27	-0.08	0.43
Gold Income	5	47.71	47.71	51.09	-0.32	0.00
Gold Acc	5	87.88	87.88	94.10	-0.59	0.00
Income	5	104.3	104.3xd	112.0	-0.4	4.35
Japan	5	117.7	117.7	126.7	-1.2	0.00
Pacific Inc	5	108.6	108.6xd	117.2	-0.7	0.06
Pacific Acc	5	134.7	134.7	145.4	-0.9	0.06
Preference Share	5	23.97	23.97xd	25.03	+0.04	7.75
Special Sits	5	93.18	93.18	100.1	+0.3	0.56
Technology	5	36.25	36.25	39.11	-0.19	0.40
UK Capital	5	86.11	86.11	92.12	+0.12	1.70

	Bid Price	Offer Price	+ or -	Yield Gross
MIM Ltd				
Mngd Fees (Acc)	155.0	58.6	—	0.80
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Oct 5	40.9	42.1	+0.0	2.29
Euro Expt Oct 5	41.7	43.7	+0.0	2.43
Fixed Int Ex Oct 5	48.9	51.3	+0.0	9.8
Japan Expt Oct 5	32.4	34.6	+0.0	0.7
Managed Ex Oct 6	38.4	40.0xd	-0.6	4.46
SE Asia Expt Oct 5	34.3	36.0xd	+0.0	1.49
Sm Cos Expt Oct 5	43.0	45.1	+0.0	2.82
UK Eqty Ex Oct 5	34.4	36.1	+0.0	4.6
New Court Property Fund Managers				
NC Property	191.5	209.3	—	—
Phillips & Drew Fnd Management Ltd				
PDFM Small Co Fd2/9	773.0	817.0	—	3.75
Do Accum	795.0	845.0	—	3.75
PDFM Int Expt Sept 29	127.0	129.1	—	2.67
J. Rothschild Fund Managers Ltd				
Intl Exempt	93.66	98.75xd	—	2.92

INSURANCES

AA Friendly Society

(Investment Mngt. M & G Inv Mngt Ltd)

AA Friendly Sy Sept 8 ... 134.9

Abbey Life Assurance Co Ltd

80 Holdenhurst Road, Bournemouth 0202 292373

	Bid	Offer	+ or -	Yield
Prop. Ser. 1	263.0	276.9		—
Equity Ser. 1	112.8	118.8	+0.4	—
Prop. Acc. Ser 2	380.8	400.9		—
Equity Ser 2	128.1	134.9	+0.7	—
Selective Acc	290.8	306.2	+1.0	—
Prop. Ser. 4	300.4	316.3		—
Equity Ser. 4	231.7	198.7	+0.5	—
Fixed Int. Ser. 4	215.3	226.8	+0.2	—
Indexed Inv. Ser. 4	122.9	129.5	+0.3	—
American Ser. 4	263.3	277.2	+0.4	—

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

	Bid Price	Offer Price	+ or −	Yield Gross
Pearl Assurance (Unit Funds) Ltd				
252 High Holborn, London WC1V 7EB 01-405 8441				
Prop. Dist. (Gross)	176.6	185.9	—	—
Prop. Acc. (Gross)	285.8	300.9	—	—
Equity (Gross)	661.0	695.8	+10.0	—
Managed (Gross)	474.6	499.6	+5.2	—
Prop. Acc. (Net)	132.1	139.1	—	—
Equity (Net)	154.6	162.8	+1.8	—
Managed (Net)	145.9	153.6	+1.2	—
Internat'nal (net)	132.4	139.4	+0.8	—
Gilt & F'xd Interest	100.5	105.8	+0.2	—
Money Fund	101.2	106.5	+0.1	—
Pearl Assurance (Unit Linked Pens) Ltd				
Ret. Man (Series 1)	449.7	473.4	+5.8	—
Ret. Man (Series 2)	152.5	160.6	+2.0	—
Ret. Man (Series 3)	100.4	100.4	+1.3	—
Ret. Cash	125.4	131.9	—	—
Ret. Cash (Series 3)	102.7	102.7	—	—
Phoenix Assurance Co Ltd				
Phoenix House, Redcliff Hill, Bristol 0272 294941				
Life Assurance Funds				
Wealth Assd.	389.6	410.2	−0.1	—
Eb'r Ph. Eq.	329.4	350.5	—	—
Pension Plan Funds				
Phoenix				
UK Equity Acc.	169.3	178.2	+2.0	—
International Acc.	142.2	149.6	+0.1	—
Property Acc.	149.8	157.6	+0.3	—
Fixed Interest Acc.	157.4	165.6	—	—
Money Acc.	144.6	152.2	—	—
Bldg. Soc. Link Acc.	141.5	148.9	—	—
Special Mngd. Acc. Q.	153.9	161.9	+0.9	—
Phoenix/Framlington				
Intnl. Growth Acc.	88.90	93.50	+0.10	—
Am. Smllr. Cos. Acc.	90.00	94.70	+0.20	—
Capital Tst. Acc.	172.5	181.5	+1.0	—
Japan & Gen Acc.	183.4	193.0	−2.8	—
American Tsm. Acc.	98.10	103.2	+0.2	—
Recovery Tst. Acc.	178.2	187.5	+1.2	—
Special Mngd Acc.	150.6	158.5	+0.5	—
Phoenix/GT				
International Acc.	133.9	140.9	+0.2	—

	Bid Price	Offer Price	+ or −	Yield Gross
Provident Life Assoc Ltd				
Provident Way, Basingstoke RG21 2SZ 0256 470707				
Unit Fund	894.3	939.0	+2.1	—
Equity Fund	200.0	210.8	+0.7	—
International Fd.	132.5	139.1	+0.1	—
Fixed Interest Fd.	150.9	158.4	−0.2	—
Property Fund	196.3	206.1	—	—
Index-Linked Fund	125.8	132.1	+0.2	—
Deposit Fund	130.4	136.9	+0.0	—
Pens. Mixed (Ord) Fd.	207.9	218.3	+0.5	—
Gold Pensions				
Discretionary Fund	100.8		+0.2	—
Equity Fund	98.1		+0.3	—
Fixed Interest Fund	103.2		+0.1	—
International Fund	98.8		+0.1	—
Property Fund	116.9		—	—
Index-Linked Fund	102.8		+0.3	—
Deposit Fund	102.2		+0.0	—
S & F Consolidation	101.7		−0.1	—
S & F Balanced	98.7		+0.0	—
S & F Maximum Growth	95.0		−0.1	—
Provident Mutual Life Assc. Assn.				
Willian Rd, Hitchin, Herts SG4 0LP 0438 739000				
Managed Ord.	289.1	304.3	+1.8	—
Managed Init.	237.8	250.3	+1.5	—
Equity Ord.	404.8	426.1	+5.4	—
Equity Init.	332.9	350.4	+4.4	—
Index Linked Gilt Ord.	124.6	131.2	+0.6	—
Index Linked Gilt Init.	107.0	112.6	+0.4	—
Overseas Equity Ord.	256.7	270.2	−1.1	—
Overseas Equity Init.	211.1	222.2	−1	—
Property Ord.	176.0	185.3	—	—
Property Init.	144.8	152.4	—	—
Fixed Interest Ord.	171.7	180.7	+0.1	—
Fixed Interest Init.	141.2	148.6	+0.1	—
Deposit Ord.	136.4	143.6	—	—
Deposit Init.	112.2	118.1	—	—
Pension Funds				
Managed Ord.	349.8	368.2	+2.7	—
Managed Init.	287.6	302.7	+2.1	—
Equity Ord.	507.8	534.5	+7.8	—
Equity Init.	417.6	439.6	+6.4	—
Pen Ind Lkd Gilt Ord.	134.4	141.5	+0.6	—
Pen Ind Lkd Gilt Init.	115.4	121.5	+0.4	—

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

UK LISTED

OFFSHORE INSURANCES

FT UNIT TRUST INFORMATION SERVICE

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100¼	99	Treas. 9½pc '88	99	......	–	–
102	99	Treas 11½pc 1989	99	......	11.51	11.47
101	98	Treas 9½pc Cnv 1989	99½	......	9.59	11.37
97	95	Treas. 3pc 1989	96½	......	3.10	8.56
102	99	Treas 10½pc 1989	99	......	10.56	10.32
102	98	Exch 10pc 1989	99	......	10.10	11.23
103	99	Exch 11pc 1989	100	......	11.00	11.00
97	94	Treas 5pc 1986-89	95½	......	5.24	9.70
104	98	Exch 10¼pc Cv '89	99	–	10.28	10.49
107½	102½	Treas 13pc 1990‡‡	103	–	12.62	10.35
104	100	Exch 11pc 1990‡‡	100	–	10.91	10.28
107	102	Exch. 12½pc 1990	102	–	12.17	10.45
93	90	Treas. 3pc 1990	91½	+	3.28	8.94
99¾	95	Treas 8¼pc 1987-90‡‡	97	–	8.50	10.15
102½	95	Treas. 8pc Cv 1990 ‡‡	98	+	8.15	9.11
103	98	Treas. 10pc Cv 1990	99	–	10.06	10.32
91	87	Exch 2½pc 1990	88	......	2.83	8.58
107¼	101	Treas 11¾pc 1991	102	......	11.43	10.29
95	90	Funding 5¾pc '87-91‡‡	91	+	6.28	9.67
90	86	Treas. 3pc 1991	87	......	3.44	8.62
105	98	Treas 10pc Cv '91 ‡‡	100	+	10.00	9.98
107	100	Exch. 11pc 1991	102	......	10.79	10.24
98	92	Treas. 8pc 1991	93¾	–	8.52	10.28
113	105	Treas 12¾pc 1992‡‡	107	......	11.91	10.15
104	98	Treas 10pc 1992	99	......	10.05	10.16
98	92¼	Treas. 8pc 1992 ‡‡	93	......	8.54	10.17
106	99½	Treas 10½pc Cv 1992‡‡	100	......	10.40	10.17
86	82¼	Treas. 3pc 1992	83	......	3.60	8.38
112	104	Exch. 12¼pc '92	106	......	11.51	10.18
117	108	Exch 13½pc 1992	110	......	12.22	10.21
97	91	Treas 8¼pc 1993	93	......	8.83	10.13
105	97	Treas 10pc 1993‡‡	99	+	10.03	10.09
115	107	Treas 12½pc 1993‡‡	108	......	11.50	10.15
93	87	Funding 6pc 1993‡‡	88¼	–	6.79	8.97
		Five to Fifteen Years				
121	112	Treas 13¾pc 1993‡‡	113	+	12.09	10.21
101	91	Treas. 8½pc 1994	93	+	9.12	10.15
94	91	Treas 8½pc 1994 A	93	+		
125	115	Treas 14½pc 1994‡‡	117	......	12.30	10.12
120	111	Exch 13½pc 1994	113½	......	11.89	10.24
105	98	Treas. 10pc Ln. 1994‡‡	99	+	10.09	10.06
116	107	Exch. 12½pc 1994	109	......	11.40	10.25
101	93	Treas 9pc 1994‡‡	95½	......	9.42	9.97
114	105	Treas 12pc 1995	108	+	11.10	10.21
83½	78½	Exch 3pc Gas 90-95	81¼	+	3.70	6.61
106	98¾	Exch. 10¼pc 1995	100¾	+	10.17	10.07
120	111	Treas 12¾pc 1995‡‡	113	+	11.27	10.11
126	116	Treas. 14pc '96	119	+	11.76	10.20
101	93	Treas 9pc 1992-96‡‡	95	+	9.39	9.81
133	123	Treas 15¼pc 1996‡‡	126¼	+	12.09	10.21
123	114	Exch 13¼pc 1996‡‡	116	+	11.39	10.10
105	97	Conversion 10pc 1996	99	+	10.02	10.02
124	115	Treas 13¼pc 1997‡‡	117	+	11.28	10.06
108	100	Exch 10½pc 1997	102	+	10.22	9.99
98	91	Treas 8¾pc 1997‡‡	93	+	9.33	9.80
134	125	Exch 15pc 1997	127	+	11.75	10.24
104	96	Exch. 9¾pc 1998	98	+	9.87	9.94
87	81	Treas 6¾pc 1995-98‡‡	83	+	8.08	9.40
140¼	130	Treas. 15½pc '98‡‡	133	+	11.64	10.13
118	109	Exch. 12pc 1998	112	+	10.69	10.02
103	95	Treas 9½pc 1999‡‡	98	+	9.64	9.71
120	111	Exch. 12¼pc 1999	114	+	10.71	10.00
109	101	Treas. 10½pc 1999	103	+	10.11	9.89
107	99	Conversion 10¼pc 1999	102	+	10.02	9.90
100¼	86	Treas. 8½pc Ln 2000‡‡	92	+	9.23	9.65
99	92¼	Conversion 9pc 2000‡‡	95½	+	9.43	9.67
126	117	Treas. 13pc 2000	120¼	+	10.81	10.02
106	98	Treas 10pc 2001	101	+	9.83	9.75
129	120¼	Treas. 14pc '98-01	123	+	11.38	10.18
104	97	Conversion 9¾pc 2001	100	+	9.74	9.72
118	109	Exch. 12pc '99-02	112	+	10.68	10.03
107	99	Conversion 10pc 2002	102	+	9.77	9.68
105	97	Treas 9¾pc 2002	100	+	9.69	9.65
99	92	Exch. 9pc 2002	95	+	9.44	9.60
131	122	Treas. 13¾pc 2000-03	125	+	11.00	10.07
108	100¼	Treas 10pc 2003	103¼	+	9.69	9.58
		Over Fifteen Years				
117	108	Treas. 11½pc 2001-04	111	+	10.30	9.85
108	100	Treas. 10pc 2004	103	+	9.63	9.51
157¼	54	Funding 3½pc '99-04	58	+	5.97	8.23
104	97	Conversion 9½pc 2004	100½	+	9.45	9.43
104	97	Conversion 9½pc 2005	100	+	9.43	9.40
113	105	Exch. 10½pc 2005	109	+	9.61	9.40
128	118	Treas. 12½pc 2003-05	122	+	10.23	9.66
92	85	Treas. 8pc 2002-06‡‡	88	+	8.99	9.27
106	99	Conversion 9¾pc 2006	103	+	9.41	9.33
121	112	Treas. 11¾pc 2003-07	116	+	10.12	9.64
97	89	Treas 8½pc 2007 ‡‡	94	+	9.04	9.16
137	127	Treas. 13½pc '04-08	131	+	10.28	9.58
101	94	Treas. 9pc 2008 ‡‡	98¾	+	9.11	9.13
92	85	Treas 8pc 2009	89	+	8.90	9.09
101	93¾	Conv 9pc Ln 2011 ‡‡	99	+	9.06	9.09
68¼	62¾	Treas. 5½pc 2008-12‡‡	66	+	8.19	8.81
89	82	Treas. 7¾pc 2012-15‡‡	87	+	8.87	9.00
130	121	Exch. 12pc '13-'17	128	+	9.38	9.14
		Undated				

BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for January 1988:103.3 and for August 1988:107.9

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

	Bid Price	Offer Price	+ or –	Yield Gross
Oppenheimer Managed Assets Co				
European Managed	SF155.70	57.08	-0.13	–
Global Income	$9.06	9.63	-0.01	6.62
International Managed	$7.28	7.73	+0.03	–
Pacific Managed	$7.97	8.47	-0.11	–
Worldwide Recovery	$9.27	9.85	+0.09	–
Orbitex Bahamas Ltd				
Orbitex Growth Fund	$5.5932	6.1085	......	–

Scimitar Worldwide Selection Fund Limited

Equity Class Funds	Bid Price
American	$10.77
Asian Smllr Mkts	$7.43
European	$9.22
Gold	$4.49
Japanese	$22.40
Pacific Basin	$15.62
Utd Kingdom	£7.48
Worldwide	$11.88

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON STOCK EXCHANGE

Institutional demand boosts equities

SEVERAL UK investment institutions dipped their toes into the London equity market yesterday, catching marketmakers unawares and sending prices higher across a wide range of consumer and building stocks. Turnover improved but many gains reflected the sudden squeeze on marketmakers' trading books rather than genuine investment. Share prices closed just below their best levels after Wall Street opened unevenly, but the final picture was of all-round firmness.

The angry reaction from the Kuwait Investment Office to the official ruling on its BP stake continued to resound, but without upsetting share prices. Oil shares continued to stand up against the renewed slide in Brent crude, and closed firmly.

The institutions, taking heed of recent signs of US interest in UK equities, appear to have pre-empted the market rally predicted by some analysts for early next month. Warburg Securities, which has reinforced its prediction that the FT-SE Index will end the year in the 2,000 area, had expected the rally to come only after the market had seen signs that domestic inflation was slowing down.

Prudential-Bache has revised upwards its corporate earnings forecasts after "profits and dividends ahead of expectations have emphasised the low valuation of the market". Shearson Lehman Hutton comments that retail demand growth continues strong and is "unlikely to weaken significantly until the turn of the year".

However, traders stressed the technical factors in yesterday's equity improvement. In the absence of customer buying of shares, marketmakers have been keeping trading books balanced.

The market was up by 29 FT-SE points at best and rallied well after a poor start on Wall Street briefly trimmed gains in London. At the close, the FT-SE Index was 19 higher on the day at 1826.3, still a few points below the best of last week's upturn.

Seaq volume jumped sharply to 570.8m from Tuesday's 440m, but both totals are believed to incorporate substantial intra-marketmaker as well as customer business.

Significantly, speculative situations played a more subdued role. Consolidated Gold Fields made little response to Minorco's formal offer of its £2.9bn bid.

Food stocks brushed off the initially negative reaction to Grand Metropolitan's decision to bid $5.23bn for Pillsbury rather than spend its cash on UK acquisitions.

Rothmans steadied as the UK Stock Exchange examined dealings resulting from Tuesday's 15 minutes of confusion over the announcement that the Rembrandt group had shifted its Rothmans stake to a new Swiss-registered holding company.

Account Dealing Dates

*First Dealings	Sep 19	Oct 3	Oct 17
Option Declarations	Sep 29	Oct 13	Oct 27
Last Dealings	Sep 30	Oct 14	Oct 28
Account Day	Oct 10	Oct 24	Nov 7

*New time dealings may take place from 9.00 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Oct 5	Oct 4	Oct 3	Sep 30	Sep 29	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	88.10	88.04	87.96	87.92	88.31	85.65	91.43 (18/4)	86.28 (2/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.70	96.69	96.71	96.58	96.42	91.90	98.67 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1471.7	1457.8	1458.8	1476.5	1477.8	1693.5	1514.7 (8/8)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	173.0	172.8	171.1	171.8	172.4	460.4	312.5 (7/1)	162.7 (22/9)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.70	4.74	4.74	4.68	4.66	3.17				
Earning Yld %(full)	11.85	11.95	11.96	11.80	11.81	7.78				
P/E Ratio(Net)(*)	10.22	10.13	10.12	10.26	10.26	16.12				
SEAQ Bargains(5pm)	23,288	21,695	21,197	27,925	28,176	36,404				
Equity Turnover(£m)†	-	977.07	835.72	1259.20	1289.54	1635.05				
Equity Bargains†	-	22,237	23,383	26,320	28,741	39,680				
Shares Traded (ml)†	-	369.3	369.1	482.4	488.2	508.1				

Ordinary Share Index, Hourly changes

Opening	10 am	11 am	Noon	1 pm	2 pm	3 pm	4 pm
1460.9	1470.0	1471.0	1471.1	1472.8	1473.1	1469.6	1469.3

DAY'S HIGH 1474.0 DAY'S LOW 1460.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil 10.14. †Excluding intra-market business

S.E. ACTIVITY

Indices	Oct 4	Oct 3
Gilt Edged Bargains	102.9	84.3
Equity Bargains	144.1	151.5
Equity Value	1874.0	1688.2
5-Day average		
Gilt Edged Bargains	98.7	102.4
Equity Bargains	158.1	165.4
Equity Value	2127.2	2107.1

● London Report and latest Share Index: Tel. 0898 123001

Wellcome stance altered

Wellcome found itself at the centre of attention as the shares rose 11 to 518p in turnover of 1.1m. Fleming Securities has raised its rating of the stock from "Hold" to "Trading Buy" after reviewing the recent bout of scare stories about the sales and future of Wellcome's drug Retrovir.

Mr Steve Plag and Mr Jonathon de Pass, pharmaceutical analysts at Robert Fleming Securities today publish a report claiming that false rumours about Retrovir sales in the US have emanated from persistent misinterpretation of US pharmacy audit data and saying that they see no reason to reduce their sales forecasts.

Recent downgradings by some leading brokers have also damaged sentiment, but according to the Robert Fleming analysts these downgradings have served to remove anomalies from profit forecasts which were too high. Moreover, rumours about cheap imports of Retrovir from Korea and about the possible withdrawal of US Federal funding for AIDS treatment were largely without substance.

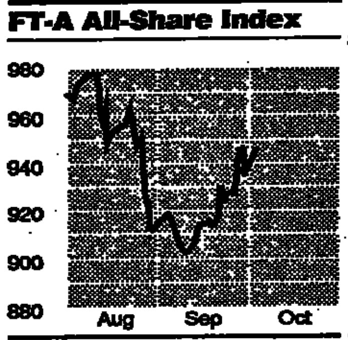
The upshot is that investors have been tempted to focus on bogus negative news at the expense of what the report describes as "very positive developments", including the withdrawal of Dupont's rival drug Ampligen, and approval in Japan for Wellcome's oral drug Zovirax which could generate substantial profits. Wellcome news, say the analysts.

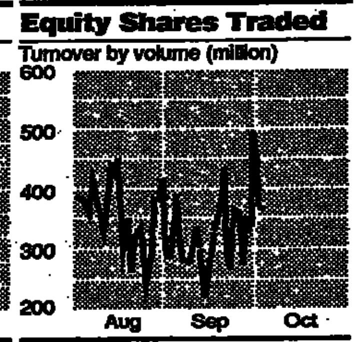
BICC alive

BICC moved smartly forward in turnover of 2.1m shares to close 9 better at 388p, held back by late profit-taking after touching 394p earlier in the day. The main speculative story behind the shares' current strength concerns the intentions of the French company Cable de Lyon, but analysts think the real reason for the rise lies elsewhere.

Mr Richard Dyett, electricals analyst at Chase Manhattan, points out that over the last six weeks BICC has used a series of company visits to highlight its developing worldwide cable business as well as its greatly improved asset management performance.

"These and other fundamental factors led to widespread interest from brokers," he says, "and the combination of that and a shortage of stock has helped the shares to a more realistic level." The current P/E ratio of around 11 and a yield of five per cent leave the shares looking well valued and a bid is seen as an unlikely prospect.





Rolls agreement

News of the agreement with Kawasaki Heavy Industries of Japan for sharing the design and development of the RB211-524 engines gave a fresh boost to Rolls-Royce which moved ahead in volume of 5m shares to close 4½ dearer at 136p.

"This can only be good news for Rolls-Royce" said one leading broker close to the company. The family of high thrust engines is aimed at more than 50 per cent of the civil market which over the next 5 years is estimated to be worth more than Yen15.000bn (£70bn).

H&C give notice

Plantations to building supplies group Harrisons & Crosfield gave notice of excellent growth, producing interim figures which exceeded the best market expectations. The shares immediately came into focus as analysts began to upgrade full-year estimates, stretching the recent run to close 15 higher at 441p, only 15 short of the year's high point.

Mr Robert Sassoon, analyst at County NatWest WoodMac, raised his full-year forecast to £126m pre-tax, saying; "management has done outstandingly well and the group is firing on all cylinders".

James Finlay was another Overseas Trader to unveil sparkling figures for the first six months but the market reaction contrasted sharply with that of Harrisons & Crosfield. Finlay shares dropped back not because of the results, the improvement in which had been widely anticipated, but reportedly on the absence of any news about stake-building. This has been mooted recently, giving rise to speculation that the near-30 per cent held by the Swire group could be on the move. The shares closed 3 down at 116p.

International stocks put up a mixed performance, with the reported institutional interest focusing on particular issues. Glaxo improved 18 to 1085p in moderate turnover of 1.5m, while ICI hardly traded for its penny gain to 1029p.

Fisons rose 5 to 257p as 1.7m shares changed hands. Dealers reported big buying around Tuesday's programme trades. The pension fund side of Gartmore, the fund management group, is believed to have been carrying out a small mixed portfolio restructuring over the first two days of this week, with Fisons featuring among the stocks involved.

Reckitt & Colman rose 25 to 918p after a long period in the doldrums as a few investors remembered its brand name strength. The rumours in London International Group (LIG) were dismissed as madcap by dealers, who accounted for the rise of 7 to 225p with reference to fundamentals.

Oil shares brushed off both the angry response from Kuwait and elsewhere in the Middle East to the UK Monopolies and Mergers Commission ruling on the Kuwait Investment Office holding in BP, as well as the fresh slide in oil prices. Traders ingored wild rumours that Saudi Arabia was about to flood global oil markets.

After trading steadily throughout the session, oil shares firmed up in late dealings, despite a slow start in New York. Shell, at 962p, remained a touch easier, however.

BP new shares at 136¼ edged higher and the old at 238¼p were also in firm form. The market appears to be "on hold" until either the KIO moves formally to challenge the MMC ruling or attempts are made to place the BP stake.

Investment advice injected more fizz into the Banking sector. A Morgan Grenfell circular saying "yield is the key to above-average total return" led to increased turnover in Lloyds Bank, rated the star by the securities house. Lloyds rose 8 to 322p in volume of 4.3m while NatWest bounced back 8 to 553p and TSB gained 3 to 106¼p.

Morgan itself remained strong, rising 7 more to 2990p on revived stories that Deutsche Bank, a 5 per cent stakeholder, was about to launch an offensive on the UK group.

Brokers figured prominently among Insurances with C E Heath advancing 15 further to 438p following the planned reconstruction of its Australian underwriting operations. A Kleinwort Benson buy rating raised Hogg Robinson Gardner 9 to 151p, while other good features included Lloyd Thompson, 8 up at 200p, and Willis Faber, which recovered 9 to 246p.

Brewery stocks largely failed to catch the inspiration of the wider market, although Scottish & Newcastle managed a rise of 11 to 352½p in turnover of 4m shares. Dealers said the stock looked very steady, but ridiculed suggestions that Scottish might be about to merge with Cadbury Schweppes. Cadbury shares rose 2 to 378p in turnover of 3.2m.

InverGordon was lifted again by small buying in very thin conditions, climbing 23 to 365p as 55,000 shares were traded. Investors were said to be staying put before details of the possible management buy-out are confirmed. Grand Metropolitan fell 10 to 444p in two-way turnover of 7.3m, pushed down by the early placing of a line of 2m shares. The statements from Pillsbury had little effect on rather listless dealing.

Travis and Arnold featured in what was described as a "lively day" in Building sector, moving ahead to close 73 higher at 575p in the wake of Meyer International's revised counter-bid of of 600p per share cash. The latter were said to have been buyers in the market yesterday and turnover amounted to 7.3m. Meyer said that since commencement of its offer it had acquired a 6.8 per cent holding in Travis. Sandell Perkins claims 41 per cent acceptances for its agreed merger with Travis.

The high-street retailers came to life with a flourish as several investment houses changed to a more positive stance on the sector. Dealers reported some good buying throughout the day with volumes expanding noticeably. Morgan Grenfell's analysts believe the sector has already discounted much bad news and is now oversold almost to the degree that it was overbought at the height of its popularity.

Some of the more defensive issues were well to the fore with Marks and Spencer rising 5 to 172p in turnover of 4.4m. Burton was also actively traded (7.7m) and closed 11 to the good at 204p, while Boots claimed considerable attention (3.9m) and put on 9 to 224p. Next featured a jump of 10 at 179p. Storehouse, which announced a major restructuring of its Habitat Group, firmed 4 to 187p. However, pride of place in the activity stakes went to Sears, up 4 at 134p, as some 11m shares were traded amid continuing take-over speculation.

Racal stood out with a gain of 12 to 395p in heavy turnover of 10m. Trading was particularly active early in the afternoon session and had what dealers called "US flavour".

Multitone rose 5 more to 80p on hopes that as the company moves back into profit its management may be gradually accepting that performance could be enhanced under new control. Domino Printing suffered again, down 17 to 210p after Tuesday's statement.

British Airways remained among the more actively traded stocks (4.4m) with the price edging up 4 to 169p as the group came in for more favourable comment. Kleinwort Benson believes that September and October will be encouraging in terms of passenger numbers and load factors.

Avis Europe moved up 5 to 349p following the proposal to buy the remaining 50 per cent of Sogen Avis SA it does not already own for £8.8m. Sogen is a leading French vehicle leasing company.

Food stocks had a slightly better day, but struggled to consolidate early gains. Tate & Lyle ran 11 better to 818p, with dealers reporting support for the first time since its recent US deal.

Lucas Industries faded, losing 5 to 589p, as FR Group took over the running to end 10 higher at 224p. Buyers were probably hoping for good news later this month when FR reports its interim statement.

Courtaulds emerged from a cloud of sell recommendations, responding to renewed investment demand and closing 8 up at 286p. Dawson International also made fresh headway, gaining 11 to 227p on resurrected stories that DMC, the European group, was building a stake.

Rothmans International calmed down after Tuesday's late imbroglio, a direct cause of official statements regarding the two major shareholdings in the group. Analysts confirmed that the arrangements existing between Rembrandt and Phillip Morris were unchanged.

The agreed share exchange offer from Jersey General Investment Trust raised Asset Trust 3 to 88p.

High activity was seen on the London Traded Options Market yesterday, as trading took place in 51,094 contracts, although there was little purpose or direction to be seen, in spite of the rise in the index. Total calls were 34,319 and puts 16,775. BP, unsettled by movements in the oil price, as well as by its corporate plans, attracted call business of 3,906 and put of 2,499 - the total options business in the stock, of 6,405, accounting for one eighth of options contracts traded.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 27

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Aerospace	1,600	489	+13	Guinness	662	324	+2	Prudential	1,600	157	+1	Trafalgar House	751	313½	+3
Brit & Comm.	354	221	+3	Hammerson 'A'	213	634	-1	Racal	10,000	395	+12	Trusthouse Forte	2,800	267½	+4½
British Gas	2,100	173	-½	Hanson	8,200	146½	+2	Rank Org.	322	707	+3	Ultramar	1,300	251	-2
British Land	692	336	+9	Harrisons & Cros.	1,800	441	+15	RMC	1,100	981	+10	Unilever	1,900	461	+7
BP	7,420	238½	+1½	Hawker Siddeley	1,100	520	+6	RHM	995	391	+4	United Biscuits	3,000	289	+4
British Telecom	5,200	245	+1	Hillsdown Hldgs.	361	266	+2	Reckitt & Colman	651	918	+25	Utd. Newspapers	345	491	+4
Burmah Oil	460	544	-6	IMI	428	200		Redland	1,100	425	+7	Wellcome	1,100	518	+11
Burton	7,700	204	+11	Imp. Chem.	750	1103	+½	Reed International	341	413	+3	Whitbread 'A'	394	296	+2
Cable & Wireless	592	391	+4	Inchcape	570	299½		Reuters 'B'	328	595	+7	Williams Hldgs.	2,700	272	+11
Cadbury Schweppes	3,200	378	+2	Jaguar	4,200	257		RTZ	558	445		Wimpey	3,000	257	+7
Coats Viyella	3,200	174	+6	Ladbroke	1,900	451	+8	Rolls Royce	4,950	136	+4½	Woolworth Hldgs.	3,200	294	+4
Commercial Union	1,300	341	+3½												

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (61).
BRITISH FUNDS (16) AMERICANS (4) Pall Corp., Quaker Oats, RJR Nabisco, Utd. Technologies, CANADIANS (1) Toronto-Dom. Bk., BANKS (1) Lloyds, BREWERS (1) Invergordon Dists., BUILDINGS (2) Erith, Travis & Arnold, CHEMICALS (4) Akzo, Chemoxy Intl., Novo Inds. 'B', Perstop B, ELECTRICALS (6) DDT Grp., Isopad Intl., Kewill Systs., Multitone Elect., Northamber, Thorpe (F.W.), ENGINEERING (7) ASW Hldgs., Aurora, Davy Corp., Fife Indmar, Heath (Samuel), Verson Intl., INDUSTRIALS (6) Dauphin, Hornby Grp., Hughes (H.T.), Metal Box, Wassall, Wilkes, INSURANCE (2) Allianz, Lloyd Thompson, LEISURE (2) Anglia TV, Midsummer Leis., NEWSPAPERS (1) Independent, PROPERTY (1) Prop. Sec. Inv., SHIPPING (1) Bergesen d-y AS 'A', TRUSTS (11) American Tst., Bankers, Brunner, German Secs., River Plate Zero Div. Pf., Second Market Inv., TR Ind. & Gen., TR Trustees, Investment Co., Kalauzi, London Ents., OILS (1) Ex. Co. Louisiana.

NEW LOWS (33).
AMERICANS (1) Allegheny & W., BANKS (1) MCorp, CHEMICALS (1) Doeflex, STORES (2) Mallett, Vivat Hldgs., ELECTRICALS (3) Britannia Sec., Domino Print Sci., TDK Corp., ENGINEERING (1) Molins, FOODS (1) Banks (Sidney C.), INDUSTRIALS (8) Baxter Intl., Bluebird Toys, Harding Grp., Interlink Express, SI Grp., Shiloh, Tamaris, Oy Wartsila, NEWSPAPERS (1) Portsmouth & Sund., PAPERS (1) Addison Conslt., TEXTILES (1) Stoddard, TRUSTS (3) Siam Fd., Smith New Court Cv. Cm. Pf., York Trust, OILS (2) Kingston Oil & Gas, Lennard, MINES (7) Duke Grp., Enterprise Gold, Jason Mining, Julia Mines, Mawson Pacific, Glencar Expln., Thorco Res.

APPOINTMENTS

Senior posts at Alliance & Leicester

■ Mr Trevor Hilliard has been appointed chief executive of ALLIANCE & LEICESTER PERSONAL FINANCE, a subsidiary of Alliance & Leicester Building Society. Mr Paul Clifton, general manager (management services), has been made chairman. Mr Hillard joins from Mercantile Credit where he has worked for the past 15 years. For the last two years Mr Hilliard has been seconded to the Abbey National Building Society where he has played a a key role in setting up its unsecured lending division, Abbey National Personal Finance, on a joint venture basis with Mercantile Credit.


Mr Trevor Hilliard, chief executive of Alliance & Leicester Personal Finance.

■ COOKSON GROUP has made Mr Ian Barr its financial controller and Mr Michael MacCallan treasurer.

■ Mr Brian Learoyd, a director of Wates Construction, is alsojoining the board of WATES INTEGRA.

■ BULLDOG TOOLS, the garden hand tool manufacturer, has appointed Mr Owen Evans as director of sales and Mr Mark Winstanley as director of marketing.

■ Mr Robert Kinkead has been appointed liquid inks sales director of the printing inks division of BASF COATINGS & INKS. He joins from Coates Brothers where he was northern regional manager.

■ BRYMON AIRWAYS has made Mr Mike Bathgate, previously general manager Europe at British Caledonian Airways, its commercial director.

■ RYANAIR has appointed Mr P.J. McGoldrick as its chief executive. He joins from Trafalgar House where he set up Heavylift Cargo Airlines. Mr Declan Ryan, who has been acting chief executive, will become deputy chief executive.

■ 3COM (UK) of Marlow has promoted Mr Richard Joyce to managing director. He was manager of the workgroup systems division.

■ Mr J.W. Dunn, who has worked for BAGGERIDGE BRICK since it was formed 40 years ago, has joined the board as an executive director. Succeeding Mr Dunn as company secretary, a post he held for 20 years, is Mr J.M. Southall, who joined the company as financial controller in January this year from the Birminham office of Peat Marwick McLintock.

■ The new marketing director of ELIZABETH SHAW, gift confectioners, which changed its name from Famous Names earlier this year, is Mr Jim Currie.

■ Mr Alan Reeve has been appointed chief executive of NABISCO GROUP, biscuits, cereals and snacks manufacturer. Mr Reeve has been with the company for 20 years and was previously managing director of the group's grocery division.

■ The SHORELINE GROUP has made Mr John Denny finance director of its five operating companies — Shoreline Engineering, Shoreline Construction Services, Shoreline Marine, Shoreline Blasting and Shoretool Plant Hire & Sales — and group finance manager of Shoreline Holdings. Mr Ray Kalnins becomes a director of Shoreline Construction Services.

■ Mr John Harman has been made managing director of SADLER INTERNATIONAL, formerly Sadler Yachts. He was executive vice president, European operations, of the Sheller-Globe Corp of Toledo, Ohio, US.

■ Mr Chris Aldcroft, formerly finance director of Beauty Care Drug Stores, has joined the board of COUNTRY HOLIDAYS as finance director.

■ Mr Jack Clark has become commercial director at VAUX BREWERIES, where he will lead a newly-formed wholesale division which will incorporate all Vaux tenancies and free trade in the North East and North West. He has been free trade sales director with Vaux for the last six years.

■ At UNITED NEWSPAPERS Mr Andrew Cameron, managing director of Express Newspapers, and Mr Michael Toulmin, chief executive of United Provincial Newspapers, have both been appointed directors.

■ Mr Tony Moir, formerly divisional director (finance) and company secretary of the NATIONAL HOME LOANS CORPORATION, has been appointed to the board.

■ Mr Anthony J. Smith, group finance director of WAGON INDUSTRIAL HOLDINGS, will retire on October 31. He will be succeeded by Mr Ian R. Fox who was previously finance director of the Thomas Cook Group.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar quiet ahead of figures

NARROW RANGE trading was again the order of the day on the foreign exchanges.

Friday's US employment data may lift the market out of its present lethargic mood, but this seems unlikely, even if the figures are as strong as expected.

Economists expect a rise of about 280,000 to 300,000 in September non-farm payrolls, compared with an increase of 219,000 in August. Unemployment is forecast to fall to 5.5 p.c. from 5.6 p.c., with a decline to 5.4 p.c. not entirely ruled out.

These would be strong figures, and could be expected to boost the dollar, on expectation of higher US interest rates, to counter overheating in the economy.

The oil situation is likely to run counter to this however, with weakness in the oil market indicating less inflationary problems for the US, and reducing the prospects of tighter monetary policy by the Federal Reserve.

Co-ordinated intervention by central banks, at the beginning of last week, left dealers in little doubt about the attitude of the Group of Seven on currency stability.

Strong resistance by the major industrial nations to a stronger dollar encouraged traders to push the currency lower, but this met with no more success.

The US currency ran into resistance below DM1.86 and selling lacked the conviction to push the dollar below DM1.8550. It bounced back to around DM1.8600 on Tuesday, and showed very little further movement yesterday.

The dollar was locked in a very tight trading range of DM1.8610 to DM1.8670, and closed around the middle of this range.

In Frankfurt the Bundesbank did not intervene when the dollar was fixed at DM1.8653, compared with DM1.8599 on Tuesday. The fixing was near the top of the dollar's range during the morning.

In Madrid the Bank of Spain bought $39.5m when the dollar was fixed at Pta123.214, against Pta123.078 previously.

At the close in Europe the dollar had improved to DM1.8625 from DM1.8610; to Y133.45 from Y133.20; to SFr1.5830 from SFr1.5795; and to FFr6.3450 from FFr6.3400.

On Bank of England figures, the dollar's exchange rate index rose to 98.9 from 98.8.

Sterling was also held in a narrow range, awaiting direction from UK economic data later this month.

An early fall in North Sea oil prices to $11 a barrel had no impact on the pound, and there was also no reaction to the rally in oil prices to around $11.25 later in the day.

High interest rates continued to underpin sterling, with the market expecting UK bank base rates to remain at 12 p.c. in the foreseeable future.

Sterling rose 15 points to $1.6960. The pound also climbed to DM3.1600 from DM3.1525; to Y226.25 from Y225.75; to SFr2.6850 from SFr2.6775; and to FFr10.7600 from FFr10.7425. The pound's exchange rate index closed unchanged at 75.8, after touching 75.9 in the early afternoon.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Oct.5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4700	+2.39	+0.95	±1.5344
Danish Krone	7.85212	7.97590	+1.57	+0.13	±1.5404
German D-Mark	2.05853	2.07486	+0.76	-0.68	±1.0981
French Franc	6.90403	7.06327	+2.31	+0.87	±1.3674
Dutch Guilder	2.31943	2.33879	+0.83	-0.61	±1.5012
Irish Punt	0.768411	0.779041	+0.65	-0.79	±1.6684
Italian Lira	1483.58	1543.78	+4.19	+3.31	±4.0752

£ IN NEW YORK

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Sterling prices firmer

PRICES OF sterling interest rate contracts were slightly firmer on Liffe yesterday, but volume fell back, and was only just over half Tuesday's levels.

Fear of declining volume remains the main problem for the futures market, as cash trading appears to be achieving an unusual degree of stability.

This is true of sterling and the dollar, with both currencies moving in a narrow range, against the conflicting background factors of strong economic figures for the UK and US, but lower inflationary pressure from weak oil prices.

Currencies and interest rates look set for a period of stability. Central banks have indicated they wish the dollar to hold steady, and the Bank of England has made it clear that a cut in bank base rates is not in prospect.

December short sterling bounced off support at 88.05 yesterday, to close at 88.15, compared with 88.11 on Tuesday. The present potential trading range appears to be confined to 88.00 to 88.35.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
90	358	627	2	5
92	360	438	4	16
94	207	263	15	41
96	52	147	60	125
98	13	53	221	231
100	4	24	412	402
102	1	9	609	551

Estimated volume total, Calls 1466 Puts 585
Previous day's open int. Calls 22127 Puts 22601

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
82	662	658	8	40
84	506	519	16	102
86	325	356	35	138
88	161	248	107	230
90	61	155	207	337
92	27	113	337	459
94	13	48	523	630

Estimated volume total, Calls 125 Puts 76
Previous day's open int. Calls 6766 Puts 3183

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Oct	Calls-settlements Nov	Puts-settlements Oct	Puts-settlements Nov
17000	1323	1361	3	41
17500	845	936	25	116
18000	439	584	119	264
18500	170	326	350	506
19000	46	161	726	841
19500	8	70	1188	1250
20000	1	26	1681	1706

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 1 Puts 21

LIFFE £/$ OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING

PHILADELPHIA SE £/$ OPTIONS

LONDON SE £/$ OPTIONS

LONDON (LIFFE)

CHICAGO

MONEY MARKETS

London rates steady

INTEREST RATES held steady on the London money market yesterday. The key three-month interbank rate was unchanged at 12⅛-11⅞ p.c. Volume was low in a market lacking direction.

Sterling was little changed, with weak oil prices appearing to have little impact on the currency. At present the pound appears to be locked in a tight trading range, in line with other major currencies, including the dollar.

UK clearing bank base lending rate 12 per cent from August 25 & 26

The Bank of England has indicated that there should be no reduction in bank base rates in the near future, and the market is now waiting for economic news to provide direction.

This is unlikely to be found until the September money supply and bank lending figures on October 20, and the UK trade figures on October 27.

These figures may provide guidance on whether the steady rise in base rates since the beginning of June has brought bank lending and money supply growth under control, and helped reduce the high import levels reflected in the trade deficit.

The Bank of England initially forecast a money market shortage of £350m pounds, but revised this to £550m at noon, and to £500m in the afternoon.

The authorities provided total help of £406m. Before lunch the Bank of England purchased £34m bank bills in band 1 at 11⅞ p.c.

In the afternoon a further £316m bills were bought, by way of £279m bank bills in band 1 at 11⅞ p.c., and £37m bank bills in band 2 at 11 13/16 p.c.

Late assistance of around £56m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £800m, with a rise in the note circulation absorbing £95m, and bank balances below target £30m. These outweighed Exchequer transactions adding £390m to liquidity.

In Frankfurt call money eased slightly, as the West German Bundesbank kept the money market liquid. The central bank virtually replaced the DM14.8bn draining from the money market through an expiring securities repurchase agreement. At this week's 28-day repurchase pact the Bundesbank accepted bids of DM14.3bn, at a fixed rate of 4.25 p.c. Call money eased to 4.75 p.c. from 4.80 p.c.

The market expects no change in credit policies at today's Bundesbank council meeting.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS : 36,665

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	12	City Merchants Bank	12	NatWestminster	12
Adam & Company	12	Clydesdale Bank	12	Northern Bank Ltd	12
AAB - Allied Arab Bk	12	Comm. Bk. N. East	12	Norwich Gen. Trust	12
Allied Irish Bank	12	Co-operative Bank	*12	PRIVATbanken Limited	12
● Henry Ansbacher	12	Coutts & Co	12	Provincial Bank PLC	13
ANZ Banking Group	12	Cyprus Popular Bk	12	R. Raphael & Sons	12
Associates Cap Corp	12	Dunbar Bank PLC	12	Roxburghe G'rantee	12½
Authority Bank	12	Duncan Lawrie	12	Royal Bk of Scotland	12
● B & C Merchant Bank	12	Equatorial Bank plc	12	Royal Trust Bank	12
Bank of Baroda	12	Exeter Trust Ltd	12½	● Smith & Williams Secs.	12
Banco Bilbao Vizcaya	12	Financial & Gen. Bank	12	Standard Chartered	12
Bank Hapoalim	12	First National Bank Plc.	13	TSB	12
Bank Leumi (UK)	12	● Robert Fleming & Co.	12	UDT Mortgage Exp	§12.75
Bank Credit & Comm	12	Robert Fraser & Ptnrs.	12½	United Bk of Kuwait	12
Bank of Cyprus	12	Girobank	12	United Mizrahi Bank	12
Bank of Ireland	12	● Guinness Mahon	12	Unity Trust Bank Plc	12
Bank of India	12	HFC Bank plc	12	Western Trust	12
Bank of Scotland	12	● Hambros Bank	12	Westpac Bank Corp.	12
Banque Belge Ltd	12	Heritable & Gen Inv Bk	12	Whiteaway Laidlaw	12½
Barclays Bank	12	● Hill Samuel	§12	Yorkshire Bank	12
Benchmark Bank PLC	12	C. Hoare & Co.	12		
Berliner Bank AG	12	Hongkong & Shangh	12		
Brit Bk of Mid East	12	● Leopold Joseph & Sons	12		
● Brown Shipley	12	Lloyds Bank	12		
Business Mtge Tst	12½	Meghraj Bank Ltd	12		
CL Bank Nederland	12	McDonnell Douglas Bnk	12.25		
Central Capital	12	Midland Bank	12		
● Charterhouse Bank	12	Mount Banking Corp.	12		
Citibank NA	12	Nat Bk. of Kuwait	12		

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 5.22% Sarewise 8.47%. Top Tier-£10,000+ instant access 11.06% ‡ Mortgage base rate. § Demand deposit 7%. Mortgage 12.375% - 12.75%

COMPANY NOTICES

To the Holders of Warrants to subscribe for shares of common stock of
DAIKYO INCORPORATED
(the "Company")
(issued in conjuction with an issue by the Company of US$ 200,000,000 3 3/4% Guaranteed Notes Due 1992)

Pursuant to clause 3 (v) and 4 (s) of the Instrument dated 5th August 1988 under which the above described Warrants were issued, notice is hereby given;

1. On 18th August, 1988, the Board of Directors of the Company resolved to issue shares of Common Stock of the Company by public offering. The offering price was fixed at Yen 2,558 per share on 9th September, 1988. Such offering price was less than the current market price on that day. (Yen 2,772.30).

2. As a result of such issue, the subscription price at which shares are issuable upon exercise of said Warrants will be adjusted pursuant to condition 2 of the Warrants from Yen 2,799 per share of Common Stock to Yen 2,787.80 per share of Common Stock effective 23rd September, 1988.

Daikyo Incorporated
By The Sanwa Bank Limited,
as Principal Paying Agent.

6th October, 1988

CORRECTION

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
(Incorporated in the Republic of South Africa)
Registration No. 01/00429/06

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER
DIVIDEND NO. 125

In the Financial Times, dated 4th October, 1988 on Page 39 the following table of figures was incorrectly shown. The correct amounts are detailed hereunder.

	Amount payable per share (U.K. Currency) p
Equivalent in United Kingdom currency of dividend declared	271.8837
Less: South African Non-Resident Shareholders' Tax of 12.71%	34.5564
AMOUNT PAYABLE WHERE A U.K. INLAND REVENUE DECLARATION IS LODGED WITH COUPONS	237.3273
United Kingdom Income Tax @ 12.29% on the gross dividend (See Notes 1 & 2 below)	33.4145
AMOUNT PAYABLE WHERE COUPONS ARE LODGED WITHOUT UNITED KINGDOM INLAND REVENUE DECLARATIONS	203.9128

PUBLIC NOTICES

MONOPOLIES AND MERGERS COMMISSION

INQUIRY BY THE MONOPOLIES AND MERGERS COMMISSION
Acquisition by International Thomson Organisation Limited of Horizon Travel Limited

The Monopolies and Mergers Commission is investigating the acquisition of Horizon Travel Limited by International Thomson Organisation. Any person or organisation wishing to give information or views, particularly on its effects on package holidays, should write as soon as possible to:

The Reference Secretary,
(Thomson-Horizon Inquiry)
Monopolies and Mergers Commission
New Court, 48 Carey Street,
LONDON WC2A 2JT

LEGAL NOTICES

WANTED

Information is required leading to and resulting in the location of financial assets held by Mr Gopinath Nadukkudy Seetharam (or Sitaram) (Indian National) or by his wife, Mrs Santha Kumari Seetharam (or Sitaram), in their names or in the names of nominees on their behalf.

The aforesaid Mr Gopinath Nadukkudy Seetharam has been convicted of fraudulent misappropriation of substantial funds during the term of his contract of employment in the Middle East.

Any person providing such information - resulting in the recovery of monies by due process of law - will be rewarded by a substantial monetary award to be paid to the informant through international lawyers acting for the lawful proprietor of the misappropriated funds.

All information received will be treated in the strictest confidence.

Information please to:-
PO Box 1756, Dubai, United Arab Emirates.
Telex No. 45614, Telefax No 284105,
Telephone No 236002.

PERSONAL

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
28⅝	19⅞	Texaco $6.25	26⅞	–⅝	$3.00	–	6.7
27⅛	22⅞	Texas Instr. $1	23⅞	–⅛	72c	–	1.8
69	43¼	Time Inc. $1	65⅞	+1⅞	$1.00	–	0.9
21½	15⅞	Transamerica $1	20⅞		$1.84	–	5.3
20⅞	14½	TRINOVA Corp	16⅞	+⅛	64c	–	2.3
19	15⅛	USX $1	16	–⅛	$1.20	–	4.4
24¼	17⅝	Utd. Technologies	24¼	+⅛	$1.60	–	3.9
34⅝	26⅞	US West‖	34	–⅛	$3.52	–	6.1
24⅞	16⅞	Waste Management $1	24½		48c	–	1.2
16⅞	12⅞	Whirlpool $1	15⅛	–⅛	$1.10	–	4.2
33¼	18¼	Woolworth $3½	32⅞	+⅛	$1.64	–	2.9

CANADIANS

1988 High	Low	Stock	Price	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	173p	ABM Gold Corp ‖	190p	–5	–	–	–
32p	11p	Abbot Energy Corp	13¼p	+¼	–	–	–
14¼	916p	Amer. Barrick Res	10¼	+¼	–	–	–
10p	3p	American Lightwave	7⅛p	+½	–	–	–
47p	9¼p	Armeno	9¼p		–	–	–
76p	37p	Augmitto Expln	41½p	+1	–	–	–
14⅛	10⅝	Bk. Montreal ‖	13⅞		$2.00	–	7.0
740p	514p	Bk. Nova Scot. ‖	724p		76c	–	5.1
18⅞	15¼	BCE ‖	17⅞		$2.44	–	6.6
716p	591p	Bow Valley ‖	599p	–10	40c	–	3.2
13⅝	10½	Brascan ‖	12⅝	+¼	88c	–	3.4
328p	183p	Breakwater Res	196p	+1	10c	–	2.5
[illegible]							

BANKS, HP & LEASING

[illegible]							

Hire Purchase, Leasing, etc.

[illegible]							

BEERS, WINES & SPIRITS

[illegible]							

BUILDING, TIMBER, ROADS

[illegible]							

BUILDING, TIMBER, ROADS—Contd

[illegible]							

CHEMICALS, PLASTICS

[illegible]							

DRAPERY AND STORES

[illegible]							

ELECTRICALS

[illegible]							

ELECTRICALS—Contd

[illegible]							

ENGINEERING

[illegible]							

ENGINEERING—Contd

[illegible]							

FOOD, GROCERIES, ETC

[illegible]							

HOTELS AND CATERERS

[illegible]							

INDUSTRIALS (Miscel.)

[illegible]							

INDUSTRIALS (Miscel.)—Contd

[illegible]							

INSURANCES

[illegible]							

LEISURE

[illegible]							

LONDON SHARE SERVICE

LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible] ... on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	y	71xd	
Craig & Rose £1	y	690	
Finlay Pkg. 5p	y	86xd	+1
Holt (Jos) 25p	y	£12 ¼xd	−⅛

IRISH

Cap. 5½% Ln. 1991	£98½	
9pc Cap Ln. 1996	£100¾	
Fin. 13% 97/02	£121⅛	

Arnotts	y	392	−3
Carrol Inds.	y	160	
Grafton Grp.	y	134	
Hall (R. & H.)		158	+8
Helton Hldgs.	y	48	
Irish Ropes	y	160	

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	36
BOC Grp.	36
BSR	8
BTR	22
Barclays	35
Beecham	42
Blue Circle	38
Boots	19
Bowaters	35
Brit Aerospace	55
Brit. Telecom	22
Burton Ord	21
Cadburys	32
Charter Cons.	38
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	85
GEC	13
Glaxo	85
Grand Met	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd.	48
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen.	25
Lex Service	33
Lloyds Bank	26
Lucas Inds.	50
Marks & Spencer	17
Midland Bk.	37
Morgan Grenfell	30
NEI	10
Nat West Bk.	52
P & O Dfd.	52
Plessey	16
Polly Peck	38
Racal Elect	32
RHM	38
Rank Org Ord	64
Reed Intnl.	36
STC	26
Sears	11
TI	28
TSB	9
Tesco	14
Thorn EMI	60
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	65

Property	
Brit Land	38
Land Securities	32
MEPC	32
Peachey	50

Oils	
Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	3
LASMO	40
Premier	7½
Shell	95
Ultramar	26

Mines	
Cons Gold	95
Lonrho	20
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

COMMODITIES AND AGRICULTURE

Oil production climbs to 8-year peak

By Steven Butler

WORLD OIL production has reached its highest level since the first quarter of 1980, the International Energy Agency said yesterday in its monthly oil market report.

The Paris-based agency said that third quarter oil supplies rose to 50.6m barrels a day from 49.6m b/d in the second quarter. August and September supplies are both estimated at 50.8m b/d.

The increase is accounted for by mainly by rising production from the Middle East. Production by members of the Organisation of Petroleum Exporting Countries is put at 20m b/d in September. The IEA revised upward its estimates for August to 19.8m b/d.

The rise in Opec production is accounted for by a 0.5m b/d increase by Saudi Arabia to 4.8m b/d. Iraqi production is put at 2.6m b/d, while Kuwait produced 1.4m b/d and the United Arab Emirates produced 1.8m b/d. Many observers believe that Saudi Arabia has by now increased its production far beyond these figures.

Year-on-year growth in consumption is put at 1.8 per cent in the second quarter for the OECD countries, and is estimated at between 1.0 and 1.5 per cent for the third quarter. This was led by a 3 per cent growth in consumption in the Pacific basin, particularly Japan, but growth has slowed in North America and in parts of Europe.

Fourth quarter OECD consumption is projected to grow at at 1.5 per cent, while 1988 growth as a whole is projected at under 2 per cent, led by high first quarter North American consumption.

In spite of the high levels of production, OECD stocks on land were 1.0m tons lower on October 1 than a year ago. Forward consumption coverage stands at 95 days, or two days less than a year ago.

THE LONDON-based International Petroleum Exchange recorded record trading in September, following the rapid growth in its new Brent Crude contract, which was relaunched in June.

Total trading surpassed 200,000 lots for the first time, with the average daily volume in crude at 2,100 lots. The monthly total in crude oil reached 46,845 lots, compared with 22,223 in August.

Statoil seeks UK offshore stakes

By Karen Fossli in Oslo

STATOIL, NORWAY'S state oil company, is seeking stakes in existing UK offshore oil fields in exchange for shares which it holds in Norwegion offshore licences.

Mr Haakon Lavik, a Statoil official, explained that the company was planning to offset exploration costs for holdings which it acquired in the UK's 10th offshore acreage licensing round against revenue in the British sector, in order to benefit from UK petroleum revenue tax relief.

He said the company had been in talks with UK oil operators for some time and that it was hoping that a deal, or deals, could be secured soon.

Mr Lavik would not be drawn, however, on the size of acquisition envisaged, the identity of the other parties, the values, or if the potential swaps involved gas as well as oil.

"We are still in discussions, therefore it would not be right of me to give further details," the Statoil official said.

Last year the Norwegian company acquired stakes in two UK 10th round licences, operated by BP and Ultramar.

"These licences have planned activity next year. It wouldn't be wise for us to not optimise our British holdings in the way that everybody else does," Mr Lavik said, referring to the strategy of offsetting exploration costs against production revenue for taxation purposes.

The company is undergoing a major reorganisation following a change of board earlier this year, and is seeking ways to improve its earnings.

Its capital ratio has plunged to between 10 per cent and 12 per cent, and it is expected to pass its dividends for 1988 and 1989, because of write-offs it must take on a refinery project in which it over-shot its budget by NKr 6.8bn (£580m).

Shadow of the axe looms large over farm research

Bridget Bloom on controversial government plans to cut spending on 'near market' R & D

A RECIPE for chaos, preposterous, arbitrary, slapdash – these are just some of the descriptions applied by British farmers' organisations to the Government's proposal to cut sharply its spending on agricultural research and development. Farmers across the country, and many people in related industries, are reeling as the extent of the onslaught on the R & D budget has gradually become known.

Although government officials say no final decisions have been taken, the current budget of £148m seems likely to be shorn by at least £32m, and possibly as much as £45m, over the next two or three years.

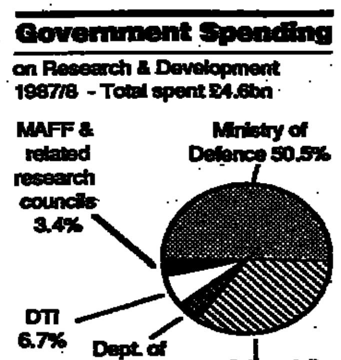
If the Treasury has its way, this will be on top of cuts of some £65m which were announced in outline in 1985 and have been working their way through the system since then. Within little more than five years, therefore, government R & D on agriculture could have been more than halved.

The proposed cuts are part of a government-wide plan to transfer to industry the costs of what is defined as "near market" research and development. The overall plan was outlined in the White Paper on Civil R & D in July 1987. Although near-market is not defined with any precision, officials say the aim is to free resources across the economy and provide a more rational ordering of the country's scientific base.

There are a good many in the agricultural and horticultural industries who broadly accept this as a sensible policy, and accept too the Government's contention that those who benefit from government-funded R & D should pay for more of it.

What has caused today's alarm is the speed with which industry is being asked to take over the burden of near-market R & D, which itself is turning out to be much larger than was once thought. Many express the fear that in its haste to implement the policy, the Government will pull the plug on both bathwater and baby.

Government Spending on Research & Development 1987/8 - Total spent £4.6bn



Government-funded agricultural research and development is very broadly based. Precise costs are hard to ascertain, partly because funding is spread among several departments, including the Ministry of Agriculture and the Department of Education and Science, and is distributed not only by those departments directly but also via the Agricultural and Food Council, which is responsible for eight research institutes, and by ADAS, the agricultural advisory service, which runs experimental farms.

Programmes covered are equally diffuse: some 2,000 in all range over four main agricultural sectors and horticulture, as well as food and fishing. Those identified as near-market involve a huge variety, from – for example – a £140,000 programme studying diseases in housed calves, a £230,000 project on reproduction in cows and research into alternative ways of rearing battery hens, to programmes seeking disease-resistant seed varieties and investigating the potential of biological, rather than chemical, control of pests and diseases in plants.

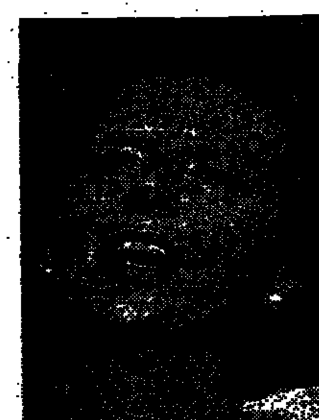
The decision to cut agricultural R & D dates from the mid-1980s and was even then linked to the need for industry to do more. In January 1985, the Treasury announced reductions of £10m for 1986-87 and £20m for 1987-88. In November 1987, further reductions were announced of £5m and £10m for 1989-90 and 1990-91.

These cuts were officially said to reflect the "increasing level of industry funding," which had come from new levies on their members agreed by the Home Grown Cereals Authority, representing cereal growers, and traders and the new Horticultural Development Council, among others.

At the time, industry believed that these cuts, together with a drop in the funding of ADAS of £20m, was all that would be required. They amounted, after all, to some £65m, large enough not just to provoke a six-fold increase in industry funding to some £10m by 1990 – according to the NFU – but also to occasion the reorganisation of the AFRC's research institutes, the closure of several ADAS laboratories and the overall loss of some 2,000 research and related jobs over the period.

It thus came as a shock to many in the industry to learn over this spring and summer that much more was now being demanded.

In the wake of the 1987 White Paper, the agriculture ministry commissioned one of its own officers, Mr Chris Barnes, to produce a still-unpublished survey of its near-market research. This has provided the basis for the detailed schedules of programmes which the Government now wants industry to fund.



Mrs Thatcher: seen to lack of enthusiasm for agriculture

Over the summer Baroness Trumpington, junior agriculture minister, has presented these to industry, sector by sector, in the first such exercise to be applied to any ministry's research programme. She has so far met nearly 80 representative associations in the arable, livestock, dairy, poultry and horticulture sectors and is due to meet food industry representatives later this week.

Although officials say no firm decisions have yet been taken, they make it quite clear that these programmes – amounting to more than £32m excluding food and fisheries – will be discontinued if industry decides it will not or cannot fund them.

First concrete responses are due from industry next Wednesday but it seems inconceivable that the 80-odd organisations invited, ranging from the National Farmers' Union to the Mushroom Growers' and the Pot Plant Associations, will be able to pledge anything like enough to cover the proposed cuts.

The problems are manifold. The agriculture industry is fragmented, involving over 100,000 full-time commercial farmers, small agricultural merchants and large agrochemical companies like ICI, and is thus difficult to organise to respond to such a challenge – let alone respond quickly.

Farmers and some allied industries are also beginning to feel the effects of price cuts introduced via Brussels to curb European Community surpluses and farm spending: so now is not the time to suggest increasing the levies which, it is clear, the Government believes is the best way of securing industry funding.

Suggestions from farmers' organisations that the big agri-business companies or multiple food retailers should pick up some of the bill have so far fallen on stony ground.

ICI, for example, spends around £100m a year on R & D for its international market but does not feel it appropriate to fund programmes essentially designed to provide an independent guide to farmers or consumers.

Neither Sainsbury nor Tesco was prepared to comment in advance of this week's food sector meetings but they have apparently let the Government know that they are not keen to contribute, while officials suggest that the Government has ruled out further privatisation of research institutes, at least for the time being.

If industry was unable to respond substantially, the severity of the cuts would vary considerable from sector to sector. The schedules for the arable sector, for example, where the principal crops are cereals, would involve a cut of just under £7m, or about 20 to 25 per cent of the total R & D budget.

By contrast, horticultural R & D would lose some 60 per cent, or £11.5m, of its £19m budget.

The work of ADAS and its experimental farms could be particularly badly affected. According to ministry estimates, 66 per cent of its cereal R & D is defined as near-market, with figures of 70 per cent for potatoes, 49 per cent for cattle and 75 per cent for oilseeds.

Professor Terry Swinburne, director of the Institute of Horticultural Research at East Malling in Kent, outlines the problems for his institute, one of eight funded by the AFRC. One third of his £9m programme of commissioned research would disappear if the cuts were implemented in full leaving "not full cover, as now, but a lace curtain." He is particularly worried that cuts in near-market research would also have an effect on more fundamental research.

There is a glimmer of hope in that Government has agreed to a joint working party to examine the concept. But for such a project to be successful at least three years of continued funding would be necessary while the re-organisation takes place, Professor Swinburne thinks.

Whether the Government will grant that time, or follow a similar course in other sectors, remains in doubt. There is considerable puzzlement within the industry as to why the Government is moving with such speed, and not a little cynicism about the manner in which consultations have taken place in such a piecemeal fashion, and mainly in the parliamentary recess. Mrs Thatcher's perceived lack of enthusiasm for agriculture is held to be much to blame.

But as another research official put it, "What we all most fear is that in its haste to save money, the Government really will throw the baby out with the bathwater."

Brussels postpones decision on NZ butter

By Tim Dickson in Brussels

The European Commission yesterday unexpectedly postponed a decision on New Zealand butter as speculation rose that a deal may have been concluded in Brussels on Tuesday between Mr Mike Moore, New Zealand's Overseas Trade Minister, and the EC's Agriculture Commissioner Mr Frans Andriessen.

The highly sensitive issue of how much butter New Zealand should be allowed to export to the UK after the present arrangements run out on December 31 had originally been on the agenda for the weekly meeting of the Commission. But it was removed at the last moment.

A Commission official refused to elaborate on the reasons behind the decision but said that the matter would most likely be decided at next week's Commission meeting in Strasbourg.

An official wall of silence was erected round Tuesday's meeting with normally talkative officials remaining tight-lipped.

It is understood, however, that Mr Moore was in ebullient mood after its conclusion and felt that Mr Andriessen was prepared for the Commission to make a better offer to New Zealand farmers than he had originally feared.

It is still expected that the Commission will propose to member states that this year's quota of 74,500 tonnes be reduced significantly. But there now seems to be a stronger possibility that the 25 per cent import duty which the butter attracts when it enters the Community will also be reduced. This would help to compensate New Zealand exports wholly or partly for the financial loss caused by the reduction in quantity.

Most observers now accept that the butter arrangements (where the Community has no legal obligation to Wellington) will in some way be tied to future levels of New Zealand lamb imports into the Community.

The expectation is that New Zealand will have to accept some degree of reduction in the 245,000 tonnes of imports now legally enshrined in a voluntary restraint agreement as well as some commitment on prices.

It is known that Brussels would like to tie Wellington to a minimum import price but it is thought that Mr Moore may have succeeded in obtaining something less rigid in his meeting with Mr Andriessen.

It became clear yesterday that the Commission's plans for reforming the beef regime will not be decided until next Wednesday's meeting.

Israeli export merger

By Andrew Whitley in Jerusalem

ISRAEL'S TWO principal agricultural marketing bodies, the Citrus Marketing Board and Agrexco, are considering merging into a single export body handling fresh produce worth over US$800m a year.

A firm decision will only be taken on the merger by the new government to be installed after next month's general election. But the two state bodies are already co-ordinating their operations in several West European markets.

Mr Reuven Eiland, chairman of the CMBoard, confirmed yesterday that studies were in hand on the reorganisation of Israel's farm exports, once the mainstay of the national economy, to improve efficiency. But, he said no date had been set for its introduction.

The Citrus Marketing Board has a long history, going back half a century, to before the founding of the state. Agrexco, which handles the exporting of all other fresh fruit and vegetables, as well as cut flowers, arrived on the scene more recently.

The evident overlapping of functions and resources abroad, as well as a rising tide of dissatisfaction among Israeli farmers over the manner in which the two state bodies operate, is believed to have contributed to the pressures for reform.

WORLD COMMODITIES PRICES

LONDON MARKETS

LEAD prices broke out of their recent £360 to £370 a tonne trading range on the LME yesterday, three-month metal going as high as £377 a tonne before easing in the afternoon on profit-taking.

The highs in the late morning followed trade buying of both cash and forward metal, which prompted buying from commission houses and short-covering, dealers said. Zinc followed lead higher in the morning, but cash metal closed unchanged and three-month ahed $4.50 a tonne as light liquidation emerged. Meanwhile coffee prices eased again as the market continued to assess the weekend's complex ICO export quota deal.

Traders said the market performance of the last two days indicated a slightly bearish interpretation.

SPOT MARKETS

[illegible]

COCOA £/tonne

	Close	Previous	High/Low
Dec	764	734	764 735
Mar	777	757	778 756
May	791	774	791 773
Jul	804	790	806 796
Sep	823	810	819 815
Dec	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]

COFFEE £/tonne

[illegible]

SUGAR ($ per tonne)

[illegible]

GAS OIL $/tonne

[illegible]

GRAINS £/tonne

[illegible]

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

[illegible]

POTATOES £/tonne

[illegible]

SOYABEAN MEAL £/tonne

[illegible]

FREIGHT FUTURES $10/index point

[illegible]

LONDON BULLION MARKET

[illegible]

LONDON METAL EXCHANGE TRADED OPTIONS

[illegible]

WOOL

World wool markets continue to show strength. Finer merinos in particular are once again on a rising trend as they become available at the height of the season. Market prices around the world reflect the rise more or less, with Bradford tops often quoted a few pence dearer, mainly in the merino and finer crossbred categories. Business on the Bradford market is also said to be better by some firms, though there is no unanimity about this. Certainly the number of home and export transactions of reasonable volume seem to have increased in the past week. The idea is that potential buyers not only need to place orders to ensure continuity of supply, but are becoming convinced of the rising wool price trend.

US MARKETS

AFTER OPENING lower, the metal markets gained strength as the day went on, reports Drexel Burnham Lambert. Gold slipped 3 dollars but closed the day up 2.6 dollars. Silver and platinum ended the day firmer on some short covering added firmness. Copper erased a loss of over 150 points to close up 95. In the soft commodities, cocoa rallied over 60 points in December as prices closed above the moving average. Coffee fell over 100 as late speculative and origin selling was seen. Sugar had a quiet day gaining 10 on local activity. The grain markets were again mixed as fear of frost and cold weather was noted. Soybeans lost 5 and corn 1. Wheat continued to be supported as it closed up 3¼. Cotton futures declined over 100 as commission houses and the trade turned sellers. In the meat markets volume was light but prices continued to weaken as the cash prices were lower again. In heavy volume, crude prices sank to 1213 in December at one point before closing slightly higher. Commission and trade houses were sellers early in the day and fund participants were buyers near the close.

New York

[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel

[illegible]

Chicago

[illegible]

INDICES

[illegible]

WORLD STOCK MARKETS

AUSTRIA, BELGIUM/LUXEMBOURG, DENMARK, FINLAND, FRANCE, FRANCE (continued), GERMANY, GERMANY (continued), ITALY, ITALY (continued), NETHERLANDS, NORWAY, SPAIN, SWEDEN, SWITZERLAND, SOUTH AFRICA, JAPAN, AUSTRALIA, AUSTRALIA (continued), HONG KONG, SINGAPORE

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

2pm prices October 5

[illegible]

f—No voting rights or restricted voting rights.

INDICES

NEW YORK — DOW JONES

	Oct 4	Oct 3	Sep 30	Sep 29	1988 High	1988 Low	Since compilation High	Since compilation Low
♦Industrials	2102.06	2105.26	2112.91	2119.31	2158.61 (5/7)	1879.14 (20/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	89.59	89.51	89.16	89.12	91.25 (3/3)	86.12 (4/1)	–	–
Transport	912.34	911.14	906.96	908.60	908.60 (29/9)	737.57 (21/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	181.84	180.72	181.54	182.08	190.02 (29/1)	167.26 (20/4)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2119.49 (2116.82) Low 2090.68 (2083.39)

STANDARD AND POOR'S	Oct 4	Oct 3	Sep 30	Sep 29	1988 High	1988 Low	Since compilation High	Since compilation Low
Composite‡	270.62	271.38	271.91	272.59	275.66 (22/6)	242.63 (20/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	310.42	311.14	311.67	312.68	318.54 (22/6)	277.86 (20/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	25.86	25.95	25.98	26.04	26.05 (16/9)	21.51 (8/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	152.93	153.23	153.57	153.78	156.35 (22/6)	136.72 (20/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	299.62	300.00	301.63	300.81	309.33 (10/6)	262.76 (12/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	384.20	384.48	387.71	386.05	394.77 (18/7)	331.97 (12/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Sep 30	Sep 23	Sep 16	year ago (approx.)
Dow Industrial Div. Yield	3.66	3.78	3.68	2.61
	Sep 28	Sep 21	Sep 14	year ago (approx.)
S & P Industrial div. yield	3.21	3.19	3.19	2.49
S & P P/E ratio	12.98	13.03	13.09	23.20

TRADING ACTIVITY † Volume

Millions	Oct 4	Oct 3	Sep 30
New York	157.760	130.380	175.750
Amex	7.644	7.732	9.100
OTC	106.223	107.437	135.438

NEW YORK	Oct 4	Oct 3	Sep 30
Issues Traded	1,932	1,919	1,931
Rises	636	527	849
Falls	769	947	599
Unchanged	527	445	483
New Highs	29	23	33
New Lows	17	20	12

CANADA

TORONTO	Oct 4	Oct 3	Sep 30	Sep 29	1988 High	1988 Low
Metals & Minerals	2856.8	2773.8	2748.9	2749.5	3226.5 (5/7)	2238.7 (8/2)
Composite	3295.9	3284.5	3283.7	3283.1	3465.4 (5/7)	2977.9 (8/2)
MONTREAL Portfolio	1640.62	1635.35	1634.42	1638.45	1723.71 (5/7)	1385.06 (27/1)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Pillsbury	16.467m	57	+18	Oklaho G&E (ml)	2,594,200	32¼	– ⅛
Delmarva	4,807,000	17⅝	+ ⅛	Union Carbide	1,666,500	25⅛	+ 1¼
Manville	3,624,800	2⅞	+ 1½	Pacific Tel	1,592,800	29⅜	– ⅛
Inco	3,355,100	30⅞	+ 1½	Most Pwr	1,402,400	35¼	+ ⅝
Bankers Tst.N.Y.	3,161,400	38⅞	– ⅛	Phillips Pet.	1,298,700	19¼	+ 1

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

	Oct. 5	Oct. 4	Oct. 3	Sept 30	1988 High	1988 Low
AUSTRALIA All Ordinaries (1/1/80)	1512.1	1523.6	1542.6	1551.6	1657.8 (9/8)	1170.7 (10/2)
All Mining (1/1/80)	689.1	694.2	708.2	714.9	847.8 (9/8)	532.4 (10/2)
AUSTRIA Credit Aktien (30/12/84)	205.90	204.85	204.80	204.50	205.90 (27/9)	163.98 (11/2)
BELGIUM Brussels SE (1/1/84)	5272.90	5256.20	5269.80	5255.80	5315.1 (21/9)	3608.35 (4/1)
DENMARK Copenhagen SE (3/1/83)	(u)	234.73	233.96	234.20	234.73 (4/10)	180.68 (4/1)
FINLAND Unitas General (1975)	682.6	684.4	685.3	686.6	772.1 (8/8)	530.6 (15/1)
FRANCE CAC General (31/12/82)	379.6	(u)	379.7	380.20	380.20 (30/9)	251.3 (29/1)
Ind. Tendance (31/12/87)	148.4	147.6	147.2	146.4	148.4 (5/10)	89.7 (29/1)
GERMANY FAZ Aktien (31/12/58)	517.22	514.33	513.92	517.44	518.40 (21/9)	396.40 (29/1)
Commerzbank (1/12/53)	1567.80	1559.40	1559.20	1571.10	1576.40 (21/9)	1207.9 (29/1)
DAX (30/12/87)	1252.31	1245.58	1242.44	1252.69	1260.99 (21/9)	931.18 (28/1)
HONG KONG Hang Seng Bank (31/7/64)	2417.42	2415.76	2429.07	2441.05	2772.53 (12/7)	2223.56 (8/2)
ITALY Banca Com. Ital. (1972)	556.59	554.57	555.09	552.71	556.59 (5/10)	423.91 (9/2)
JAPAN** Nikkei (16/5/49)	27405.49	27501.02	27545.53	27923.67	28423.38 (5/8)	21217.04 (4/1)
Tokyo SE (Topix) (4/1/68)	2116.76	2129.78	2125.78	2151.36	2253.10 (2/8)	1690.44 (4/1)
NETHERLANDS ANP-CBS General (1970)	274.5	273.0	273.6	274.90	284.8 (9/8)	205.7 (4/1)
ANP-CBS Industrial (1970)	239.9	237.1	237.3	236.80	239.9 (5/10)	157.9 (11/1)
NORWAY Oslo SE (4/1/83)	395.36	391.88	392.98	391.49	423.64 (21/7)	327.78 (28/1)
SINGAPORE Straits Times Ind. (30/12/66)	993.18	1005.28	1023.05	1034.96	1177.87 (8/8)	833.60 (4/1)
SOUTH AFRICA JSE Gold (28/9/78)	1288.04	1294.0	1276.0	1266.0	1451.0 (7/7)	1154.0 (4/5)
JSE Industrial (28/9/78)	1734.04	1739.0	1732.0	1737.0	1758.0 (20/7)	1387.0 (12/2)
SPAIN Madrid SE (30/12/85)	282.00	282.75	283.68	281.27	301.63 (15/6)	225.50 (4/1)
SWEDEN Jacobson & P. (31/12/56)	3122.00	3122.04	3112.3	3105.20	3124.50 (22/9)	2148.5 (4/1)
SWITZERLAND Swiss Bank Ind. (31/12/58)	565.90	565.10	565.90	567.00	567.00 (30/9)	466.6 (13/1)
WORLD M.S. Capital Intl. (1/1/70)	(u)	446.0	445.0	446.2	465.2 (15/6)	401.0 (21/1)

**Saturday Oct. 1: Japan Nikkei 27,700.13 and TSE 2,135.62

‡ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Wednesday 5 October 1988

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Sumitomo Metal	147.0m	760	+3	NKK	42.8m	78	-16
Nippon Steel	91.8m	784	-21	Kobe Steel	34.3m	625	-11
Kawasaki Steel	71.4m	806	unch	Tokyo Gas	30.8m	1,390	-10
Osaka Gas	61.2m	748	+40	Kawasaki Heavy	29.3m	709	-20
Mitsubishi Heavy	47.1m	980	-30	Tobu Railways	18.7m	1,390	-20

4pm prices October 5

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
27⅞	14	AAR s	.36	1.4	19	349	26½	25⅞	26	
10⅛	9⅛	ACM n				41	9⅞	9⅞	9⅞	
12⅛	8⅞	ACMIn 1.28a		11.		579	11⅛	10⅞	11⅛	+ ⅛
12⅛	10⅜	ACMSc n1.26		12.		425	11	10⅛	10⅛	− ⅛
10⅛	8⅞	ACMSp n1.01		11.		271	9⅛	9⅛	9⅛	
28⅞	10½	AGS			21	127	28⅛	28⅛	28⅛	− ⅛
7⅛	2⅝	AMCA				2	3⅞	3⅞	3⅞	− ⅛
7⅞	3⅛	AM Intl				1776	5⅛	5⅛	5⅛	+ ⅛
28½	17	AM Int pf 2		9.0		148	22⅛	21⅛	22⅛	+ ⅛
57⅛	28⅛	AMR			10	6631	49	48	48⅞	+ ⅛
27	25	ANR pf 2.67		10.		4	26	26	26	− ⅛
24⅛	19	ANR pf 2.12		8.8		1	24	24	24	
10	5⅛	ARX			11	71	7⅛	7	7	− ⅛
70½	36⅛	ASA	3.	7.9		387	38⅛	37⅛	38	− ⅛
22⅞	9½	AVX	.12e	.6	12	264	18⅞	18⅞	18⅞	
61⅞	40	AbtLab	1.20	2.6	15	6636	47⅛	46⅞	46⅞	− ⅛
27⅛	15⅜	AbitiBl g	1			27	17⅛	16⅞	17⅛	+ ⅛
16½	8½	AcmeC	.40	4.6		112	9	8⅞	8⅞	− ⅛
9½	6⅝	AcmeE	.32b	4.6	60	13	7	7	7	+ ⅛
20	14⅛	AdaEx	3.05e	20.		74	15⅛	15½	15⅛	
24⅞	7½	AMD				4054	9	8½	8⅞	− ⅛
56⅞	29⅛	AMD pf	3	9.6		311	31⅛	31	31⅛	+ ⅛
9½	4⅝	Adobe				49	7½	7½	7½	
18⅛	15⅛	Adob pf	1.84	11.		3	17⅛	17⅛	17⅛	− ⅛
12	8⅞	Advest	.12	1.5	15	90	8⅛	8⅛	8⅛	− ⅛
61⅛	39½	AetnLf	2.76	5.4	8	2724	51⅛	50⅝	51⅛	+ ⅛
35⅛	20½	AflPb s	.20	.7		385	29⅞	28⅞	29⅞	
20⅞	13	Ahmans	.88	5.1	11	2160	17½	17⅛	17⅛	
4⅝	1⅛	Aileen				34	4⅛	4	4⅛	
53⅞	29	AirPrd	1.20	2.9	11	1348	41⅞	41⅛	41⅞	
27½	11⅛	AirbFrt	.60	3.2	25	280	19⅛	19	19	
15⅛	6⅛	Airgas			17	11	14⅛	14⅝	14⅛	+ ⅛
20	13½	Airlease	2.40	13.	10	26	19	18⅞	18⅞	
9⅛	7⅝	AlaP dpf.87		9.6		5	9⅛	9⅛	9⅛	− ⅛
97	81½	AlaP pf	9	9.6		z450	93⅛	93⅛	93⅛	+ ½

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
58	31¼	QuakrO	1.20	2.1	18	3768	57⅛	55¾	56	+ ½
27⅛	12⅞	QuakSC	.80	4.0	35	2955	20⅛	19⅞	20	− ⅛
14⅛	4⅛	Quanex	.05e	.5	11	186	13½	13⅛	13½	
105	49	Quantm	2.20	2.2	11	2250	101	99½	100⅞	+ ⅞
10⅝	7½	QstVl	1	9.4		245	10⅝	10½	10⅝	
9⅝	4⅞	QstVC	.77e			139	8⅛	8	8	− ⅛
35⅞	25½	Questar	1.88	5.8	20	94	32⅞	32½	32⅝	
23⅛	10	QkRelly	.24e	2.1	6	158	11¾	11½	11⅝	+ ⅛
		− R−R−R −								
12⅞	4½	RBind				34	11	11	11	− ⅛
68	34½	RJR Nb	2.20	4.0	11	5468	56⅛	55½	55⅝	− ½
120	111	RJR pf11.50		10.		1	112½	112½	112½	+ ½
11⅝	4⅝	RLC	.20	1.8	19	327	11¼	11	11⅛	+ ⅛
13⅝	7	RLI Cp	.36	4.2	8	51	8¾	8½	8⅝	− ⅛
6⅞	3	RPC			27	312	6⅛	6	6	− ⅛
3¼	13-32	Radice				20	9-16	9-16	9-16	
83¼	57⅝	RalsPur	1.50	1.9	14	749	80½	79⅞	80½	
10¼	4	Ramad				5554	9⅛	8¾	9⅛	− ⅛
6½	3½	RangrO			45	277	5½	5¼	5½	
54⅛	29⅞	Raytm s.24		.6	12	876	43	42⅞	42½	− ⅞
17⅛	8⅝	RJamFn	.16	1.7	18	34	9½	9⅛	9½	− ⅛
21⅛	14⅝	Raycr	2.80	13.	7	63	20⅛	19⅞	20	
11⅞	3⅛	Raytch	.05e	1.3	54	1	3⅛	3⅛	3⅞	
83⅞	57⅛	Raythn	2	2.8	11	1005	72	71⅛	71⅝	+ ⅛
4	⅝	ReadBt				328	13-16	11-16	¾	− 1-16
6½	1⅞	RdBt pfA				5	2	2	2	− ⅛

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		− X−Y−Z −								
78⅞	59	Xerox	3	5.2	10	3377	58⅛	57⅛	57⅞	+ ¾
36	19⅛	XTRA	.72	2.1	14	307	33¾	33½	33⅝	− ⅛
29⅞	19½	XTRA pf1.94		7.1		7	27½	27	27½	− ⅛
58¾	17½	Yorkin			15	178	52¾	52⅝	52⅝	− ⅛
5⅛	2¼	Zapata				70	2⅞	2⅜	2⅛	− ⅛
37	13½	Zayre	.40	1.5	174	4964	26⅛	25½	26⅛	+ ⅞
16	8⅝	Zemex	.40	2.9	17	9	13⅝	13½	13⅝	+ ⅛
30	10	ZenithE				985	21⅛	20⅞	21	− ⅛
10⅞	9½	Zenin n	.38e	3.8		145	10⅛	10	10⅛	
7⅞	1	vjZenLb				228	2	1⅞	1⅞	− ⅛
27⅝	12¼	ZenNtl	.80b	4.4	9	218	18¼	18⅛	18¼	+ ⅛
19⅝	11⅞	Zero	.40	2.6	14	539	15⅞	15⅝	15½	− ⅛
28	15	Zurnln	.68	2.5	17	771	27½	25⅞	25⅞	+ ⅛
11⅛	7⅞	Zweig	1.04	9.8		383	10⅝	10½	10⅝	+ ⅛
10⅛	10	ZweigT n				1679	10⅛	10	10⅛	

Sales figures are unofficial.Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months.g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months,plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales infull. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4pm prices October 5

OVER-THE-COUNTER

Nasdaq national market, 3pm prices October 5

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
Woloha	.24	9	105	15	14⅞	14⅞	
WolvEx			969	8¼	8	8	−1
Worthg	.44	16	1364	22	21⅞	21⅞	+ ⅛
Wyman	.80	15	56	15½	15	15½	+ ½
−X−Y−Z−							
XL Dta		15	225	24	23½	24	+ ½
XOMA			1262	14⅛	12½	13	−1
X-Rite s		14	70	10¾	10¼	10¼	− ½
Xicor		13	4697	8⅜	8	8⅛	− ⅛
Xyvan		3	112	5¼	5	5	+ ⅛
YelowF	.70	19	567	31⅛	30⅝	30⅝	− ⅞
ZionUt	1.44		24	23¾	23	23¼	− ½

FINANCIAL TIMES Thursday October 6 1988

AMERICA

Takeover bids again pep up trading as Dow rises

Wall Street

AFTER falling modestly for the last three sessions, the Dow Jones Industrial Average registered a small gain yesterday, *writes Janet Bush in New York.*

The Dow closed 4.45 points higher at 2,106.51 on active volume of 175m shares. This small gain reversed an early slump of about 10 points which was attributed to some sell programmes related to stock index arbitrage.

Traders said that there appeared to be no particular reason for the Dow's rebound from its early lows apart from a reluctance to take the index much below the 2,100 level, which has become an increasingly important fulcrum of the current market.

There have been a number of negatives for the market this week. Early in the week, confidence was shaken by the recommendation by Salomon Brothers to its clients to cut their equity holdings and move into bonds. Yesterday, the market was focusing more on expectations of disappointing earnings at a number of leading companies, including Goodyear Tire & Rubber.

On the other hand, bonds have been fairly stable, given concern about an expected strong set of employment figures due tomorrow and this has helped stabilise equities.

The consensus of forecasts for Friday's figures is for a jump in the non-farm payroll of just under 300,000 and a 0.1 per cent fall in the unemployment rate in September. However, some analysts expect the jobs figures to be even stronger with a 375,000 jump in the non-farm payroll and a 0.2 per cent unemployment rate fall.

The dollar yesterday appeared to be supported by speculation that another strong set of employment figures could persuade the US Federal Reserve to tighten policy another notch.

The equity market has been enlivened this week by a number of interesting takeover battles and bid announcements.

Pillsbury, facing a takeover bid from Grand Metropolitan of Britain, continued to be the most heavily traded share on the New York Stock Exchange and built on its $18¾ leap on Tuesday to gain another $⅝ to close at $58⅝.

The main interest concerned the long-awaited resolution of the 13-month battle by the Bank of New York to take over Irving Bank. Irving's chairman finally said that he would recommend that his board approve the Bank of New York's latest merger proposal. Irving's shares added $8⅝ to $73⅝ while Bank of New York slumped $⅝ to $34⅛.

Goodyear Tire & Rubber was one of the most heavily traded issues on the NYSE, falling $3⅝ to $53⅝ after the company said its third-quarter earnings could be as low as $1.10 a share compared with net income a year ago of $3.13 a share.

Kroger Co, fighting a bid from Kohlberg Kravis Roberts, the leveraged buy-out specialists, jumped $3 to $58⅛ after Kohlberg sweetened its bid to $64 a share from the $58.50 it had previously offered.

Kimberley-Clark added $3⅝ to $62⅝ on rumours that investor, Mr Robert Perelman, may be considering making a bid for the company.

Technology stocks have had a bad week amid expectations of disappointing earnings announcements for the third quarter. Motorola slipped another $⅝ to $40⅛ and Digital Equipment slumped $3⅛ to $88⅛.

Oil stocks bounced back after being soft all week despite continuing falls in crude oil prices. Exxon was quoted $¼ up at $44¼, Mobil added $⅛ to $42¼ and Chevron rose $⅝ to $43⅝.

Canada

BUYING among some communications and transportation stocks lifted the Toronto composite index 14.4 to 3,310.3. However, losers outran gainers by 372 to 366 on volume of 22m shares.

ASIA PACIFIC

Nervousness hits Nikkei for fourth session in row

Tokyo

A PREVAILING lack of enthusiasm sent share prices tumbling for the fourth consecutive day, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average lost 95.53 to 27,405.49 after moving from a high of 27,582.78 to a low of 27,256.34. The TOPIX index of all listed stocks fell 13.02 to 2,116.76.

Declines greatly outnumbered advances by 556 to 268 and 190 issues were unchanged. Volume was moderately lower at 992.98m shares compared with 1.05bn on Tuesday.

In London, Japanese shares slipped a little further, with the ISE/Nikkei 50 index off 0.70 at 1,753.71.

"Investors are nervous, and they aren't sure what to do," said Mr Jonathan McClure, manager of the institutional sales department at Schroders Securities in Tokyo.

This nervousness is leading investors to concentrate on issues with high liquidity, such as the large capital stocks and issues that have been rising on recently popular themes – including land and resort development – or on speculative interest.

In addition to the general negative trend in the market, the forthcoming three-day weekend and US unemployment figures expected tomorrow are also persuading investors to keep a low profile. The Emperor's illness continues to be of concern.

A wave of selling, particularly in the electrical sector, left both NEC and Fujitsu Y70 down at Y1,850 and Y1,560 respectively. Matsushita lost Y90 to Y2,350 while Sony declined Y150 to Y6,100.

Blue chips have suffered recently as interest has focused on domestic demand-related issues. They are not related to the themes of property assets or resort development, and this has made them of less interest to investors in spite of better business performances.

Among steels, Sumitomo Metal Industries was actively selected and reached a new high of Y759 in morning trading. Analysts said its share price had been lower than that of other steels, making it popular. Interest was also stimulated by its announcement of advances in the area of superconductivity.

Sumitomo, the volume leader at 147m shares, ended up only Y3 at Y750. Nippon Steel, the second in volume terms at 91.6m shares, lost Y21 to Y784. Kawasaki Steel, the third most actively traded issue at 71.4m shares, was unchanged at Y905.

Osaka Gas was another heavily selected issue, boosted by falling crude prices and the company's huge land assets. It also announced last week that it planned to shut a coke plant and the site is expected to be redeveloped. It closed up Y49 at Y748.

Trading in Osaka was active, but share prices declined again, led mainly by high-tech issues. Volume was only slightly lower than Tuesday's at 110.03m compared with 113.38m, with the OSE average off 124.44 at 25,783.33. Sumitomo Metal Industries, which led in volume terms at 23.5m shares, was unchanged at Y747. Osaka Gas rose Y51 to Y750 on the second highest volume of 14.2m shares.

Roundup

EQUITY prices in the main Asia Pacific markets tumbled yesterday with only Hong Kong showing any improvement. Most marked were the falls in Singapore and Taiwan.

HONG KONG was held back by weak performances in New York and Tokyo and closed little changed in reduced turnover. The Hang Seng index edged up 1.66 to 2,417.42 in volume of HK$337.5m worth of shares, down from HK$349.7m.

Kee Shing ended its first trading day at HK$1.26, up 16 cents from its offer price.

SINGAPORE fell to its lowest point for over four months, although turnover picked up, with the absence of fresh news hitting demand.

The Straits Times industrial index closed 12.10 lower at 993.18. British and Malayan Trustees led the falls, losing S$7 to S$28.

AUSTRALIA was battered again by interest rate worries and weaker commodity prices, with the All Ordinaries index losing 11.5 to 1,512.1.

Among gold issues, Kidston lost 13 cents to A$13.05 and Forsayth fell 10 cents to A$2.40, while Placer Pacific gained 7 cents to A$1.95. Mining stock MIM dropped 4 cents to A$1.84 in spite of overseas demand.

SOUTH KOREA closed off its lows as institutions stepped up buying in the afternoon, but the composite index finished 5.76 down at 673.78.

TAIWAN plunged for the sixth consecutive session, with 139 of the 150 listed stocks suffering the maximum daily drop allowed of 3 per cent. The weighted index lost 215.16 to 7,581.34.

SOUTH AFRICA

A WEAKER bullion price tipped gold stocks slightly lower in light volume in Johannesburg. In industrials, Malbak, which announced a £42m bid for UK industrial group MY Industrial Holdings, rose 40 cents to R7.30.

EUROPE

Rumours continue to buoy leading bourses

RUMOURS fuelled gains in Paris and Frankfurt, while other European markets were little changed yesterday, *writes Our Markets Staff.*

PARIS was frothy again, with takeover speculation spreading to yet more stocks, fuelling some concern over the bourse's recent rapid rise.

Share prices closed higher, with the OMF 50 index up 0.54 at 391.52. The CAC General index was slightly lower, off 0.1 at 379.6.

Club Med saw healthy volumes again, rising FFr15.10 to FFr475.10 as takeover rumours buzzed around the bourse. CCF was another to gain from bid speculation, adding FFr9.50 to FFr145 with 291,000 shares traded. CCF also announced increased interim profits of FFr276m.

One analyst, calling the market "frothy and dangerous," said: "There seems to be less and less in the way of stories behind some of these stocks. As soon as someone sees any volumes they try to make a story out of it . . . it is difficult to make sensible recommendations in the market at the moment."

FRANKFURT opened strongly across the board and eased only a little over the session, with Allianz proving the main feature. Volumes improved but were still on the low side, at DM2.4bn worth of shares.

Allianz, the leading insurer, forecast improved results this year. The stock rose DM20 to DM1,723 – a new high for the year – amid rumours of a possible takeover by a Bavarian bank, in contrast to previous speculation that it would itself take over a bank.

Hoechst was the subject of rumours that an increased dividend was in the offing – the same suggestion boosted Siemens on Tuesday – rising DM2.20 to DM298.20. Siemens was up DM3 at DM475.50. Both companies would not comment on the speculation.

The FAZ index was 0.22 weaker at 517.22 and the real-time DAX index put on 6.73 to 1,252.62.

MADRID was held back by rumours that inflation in September was higher than the Government target, but saw good activity across the board after hours. The general index eased 0.75 to 282.

Grupo March is merging its two quoted investment companies, Inversiones Balboa and Corporacion Financiera Alba, in an operation that will create a holding company worth $940m. Trading in both shares has been suspended until next Monday. In effect, Alba is absorbing the smaller Balboa.

AMSTERDAM closed mainly firmer on the back of a slightly stronger Wall Street, solid corporate results and takeover situations.

The CBS all-share index closed at the session's high of 99.7, up 0.9 on Tuesday's 98.8 close.

Royal Dutch lost 70 cents to Fl 229.90 as crude oil prices slipped further. In New York crude oil prices fell as the view took hold that Saudi Arabia was to increase output to safeguard its market share.

Aegon gained 60 cents to Fl 89.20 after news that a Dutch court had rejected a multi-million guilder claim against the insurer over the reorganisation of one of its component parts, the former Ago mutual insurance company.

Copier and office automation company Oce-Van der Grinten rose Fl 25 to Fl 290, after third quarter figures showed a rise in net profits to Fl 17.2m from Fl 16.6m.

ZURICH closed steady in quiet trading in what was widely viewed as a slight recovery within a continuing bearish trend.

The firmness of the dollar sparked selective buying on lower levels, but the market lacked momentum as institutions continued to act very cautiously.

Leading banks closed mostly steady, amid some demand for registered stocks. Blue chip industrials traded in a narrow range.

Motor Columbus added SFr65 to SFr1,390. It said the cancellation of the Kaiseraugst nuclear plant project would force it write off costs of about SFr45m, but added that existing reserves could cover the loss.

BRUSSELS closed little changed in light trading as operators squared accounts at the end of the two-week trading period.

The cash index closed 16.72 higher at 5,272.94, helped by demand for steel and engineering stocks.

Steelmaker Clabecq was the focus of attention, ending up BFr110, or 8 per cent, at BFr1,470.

STOCKHOLM closed slightly higher in slow and hesitant trading. The Affärsvärlden index moved 5.8 higher to 919.1 with turnover reaching SKr260m in value.

Investors were holding back for a news conference, due after the bourse close, at which Finance Minister Mr Kjell-Olof Feldt was expected to outline the Social Democratic Government's economic policies for this term.

OSLO trading was mixed, but turnover picked up to its highest level for several weeks. The all-share index rose 2.17 to 285.13, while volume was NKr129m worth of shares, up from the previous day's NKr94m.

HELSINKI declined for the 11th session running in moderate trading. The Unitas all-share index dropped 1.8 to 684.4. Volume was a healthy improvement on Tuesday at FM70m worth of shares, up from FM30m.

Most actively traded stock was Kansallis-Osake-Pankki. Its free shares gained FM0.2 to FM63.5 amid continued speculation about a new share issue.

Optimism refreshes Milan's flagging spirit

Investors are back, lured by economic and political prospects, writes Alan Friedman

There is hope yet for the Milan bourse. After a lacklustre period that began with the crash of May 1986 and has seen share prices level-pegging or worse for two years, it seems the tide is finally beginning to turn.

The main MIB share index has risen 5.6 per cent over the past three weeks alone, closing yesterday at a high for the year of 1,150. The climb compares with a rise of just 14.7 per cent since the year began.

The new spirit in Milan, which has seen investors coming back and boosting volumes to L200bn a day – against less than half this level last spring and into the summer – can be attributed to both the macro-economic outlook and the political situation in Rome.

Signs that Prime Minister Ciriaco De Mita is trying to tackle the perennial public sector budget deficit have combined with the politically crucial government proposal to abolish the parliament's secret vote – with a decision expected today – to create an encouraging feeling in Milan.

Several brokers and bankers said that if the secret vote was abolished, the MIB index could jump 10 per cent in the next couple of months.

On the economic front, expectations of falls in inflation and interest rates, together with weak oil prices and a strong rate of gross domestic product growth are heartening players in Italy and abroad. Inflation last month stood at 4.8 per cent and could drop to 4.5 per cent by the end of October, while Treasury Minister Mr Giuliano D'Amato is predicting a GDP growth rate of between 3.5 and 4 per cent this year. Corporate profits are buoyant and even the country's trade figures are expected to improve.

One sign of this bullishness is that the secondary market in Treasury bills, which started unimpressively several months ago, is now more active.

Foreign equity investors have been returning to Milan on a selective basis of late, picking up telecoms shares such as STET and SIP, stock in the state-owned SME foods group and in banks. There is undoubtedly a change in perception, especially when it comes to banks, which are beginning to restructure and recapitalise.

Milan is also watching with interest a series of particular situations, such as the L1,100bn ($793m) rights issue for Generali, the country's biggest insurer. The issue is doing very well, although Nomura Securities in Milan yesterday denied rumours it is buying heavily for Japanese clients.

The most astounding jump in a single share price has been the case of Pirelli and Company, the Milan-based holding vehicle for the tyre and cable group. Rumours abound of a possible takeover of Pirelli, but given its archaic limited partnership structure – which keeps effective control in the hands of a small group of allies – it is hard to see why anyone would want to try to build up a stake. None the less, Pirelli has jumped by 14.7 per cent since last Friday, by 32.3 per cent over the past five weeks and by 86.7 per cent since last February. The mystery remains.

Mr Carlo De Benedetti has been busy buying up preferred stock at Mondadori, apparently with the aim of ensuring that his own effective control of the publisher is not challenged by other investors. Mondadori closed yesterday up L300 at L23,000.

Another favourite yesterday was Interbanca, soaring L4,800, or 12 per cent, to L44,000 before being fixed at L41,000. Investors close to the De Benedetti camp were rumoured to be in the market.

Meanwhile, Mr Raul Gardini is busy this week travelling around European financial centres with a roadshow designed to persuade investors to buy his newly quoted Ferruzzi Finanziaria (Ferfin) stock.

He is preparing to offer L1,000bn of the Ferfin stock that is now cross-owned by Montedison, which is itself 42 per cent controlled by Ferfin. Foreign investors, however, do not appear to have recovered from the shock of Mr Gardini's statements about his controversial Ferruzzi-Montedison restructuring, such as: "This is an Italian operation in the Italian market. If foreigners don't like it they can leave it." Some brokers say foreign interest in the expected offering is weak.

Italy

The betting is that Ferfin underwriters could be left holding much of the stock. Ferfin controls, among other things, Montedison and the Fondiaria insurance business. While the healthy chemicals sector has made Montedison attractive again, foreign investors are saying they would rather buy the separately-quoted Montedison or Fondiaria rather than Ferfin. On the other hand, the Gardini roadshow may change people's minds and a rally on the market could help Ferfin's offering, expected in the next three months, to coast along.

The word from Milan is more encouraging than at any time in the past two years. The market remains an under-regulated insider's paradise, but the short-term outlook is decidedly good and the selectivity of investors is starting to pay off.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY OCTOBER 5 1988					TUESDAY OCTOBER 4 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (91)	136.18	-0.5	119.04	114.58	4.27	136.89	119.77	115.63	152.31	91.16	169.36
Austria (17)	88.70	-0.2	77.54	85.82	2.47	88.86	77.75	85.86	98.18	83.72	101.30
Belgium (63)	121.59	-0.2	106.29	118.44	4.26	121.82	106.59	118.67	139.89	99.14	125.35
Canada (126)	119.35	-0.4	104.33	104.35	3.18	119.78	104.80	104.86	128.91	107.06	134.65
Denmark (39)	133.50	-0.1	116.70	130.14	2.30	133.69	116.97	130.10	133.69	111.42	119.01
Finland (26)	113.43	-0.6	99.16	104.81	1.68	114.17	99.89	105.04	139.53	106.78	–
France (130)	100.08	+0.1	87.48	99.60	3.26	99.99	87.49	99.44	100.08	72.77	108.77
West Germany (102)	79.75	+0.5	69.71	77.22	2.40	79.34	69.42	76.76	80.79	67.78	101.24
Hong Kong (46)	98.86	+0.0	86.42	99.17	5.04	98.90	86.53	99.19	111.86	84.90	157.21
Ireland (18)	132.76	+0.8	116.05	130.04	3.87	131.72	115.25	128.80	144.25	104.60	155.30
Italy (100)	76.08	+0.3	66.51	78.91	2.55	75.82	66.33	78.55	81.74	62.99	94.20
Japan (456)	159.23	-0.9	139.20	134.32	0.55	160.63	140.54	135.25	177.27	133.61	145.10
Malaysia (36)	130.64	-1.4	114.20	135.04	3.12	132.49	115.92	136.64	154.17	107.83	178.51
Mexico (13)	157.61	+2.0	137.78	394.27	1.38	154.52	135.19	386.54	180.07	90.07	416.45
Netherland (38)	102.79	+0.1	89.86	98.57	4.94	102.74	89.89	98.42	110.66	95.23	123.26
New Zealand (26)	70.47	-0.4	61.60	61.32	6.41	70.77	61.92	61.21	84.05	64.42	135.33
Norway (25)	115.03	+0.7	100.56	107.61	2.67	114.28	99.99	106.72	132.23	98.55	178.99
Singapore (26)	114.10	-0.8	99.74	107.22	2.55	115.01	100.63	108.01	135.89	97.99	171.12
South Africa (60)	106.41	+0.0	93.02	93.04	4.63	106.37	93.06	93.01	139.07	98.26	187.96
Spain (42)	141.37	-0.1	123.58	131.73	3.03	141.45	123.76	131.86	164.47	130.73	167.35
Sweden (35)	122.00	+0.3	106.64	115.36	2.48	121.65	106.44	114.99	125.50	96.92	135.59
Switzerland (56)	77.51	+0.0	67.75	76.06	2.22	77.51	67.82	75.90	- 86.75	74.13	110.68
United Kingdom (322)	129.18	+1.2	112.92	112.92	4.64	127.69	111.72	111.72	141.18	120.66	159.31
USA (582)	111.23	+0.6	97.23	111.23	3.61	110.59	96.75	110.59	112.47	99.19	130.28
Europe (1013)	106.24	+0.6	92.87	98.71	3.74	105.57	92.37	98.08	110.82	97.01	129.28
Pacific Basin (681)	155.89	-0.8	136.27	132.08	0.78	157.22	137.55	132.99	172.26	130.81	146.35
Euro-Pacific (1694)	136.06	-0.4	118.94	118.68	1.71	136.58	119.50	119.00	147.53	120.36	139.58
North America (708)	111.65	+0.5	97.60	110.82	3.58	111.07	97.18	110.26	113.29	99.78	130.51
Europe Ex. UK (691)	91.88	+0.2	80.32	90.02	3.01	91.70	80.23	89.76	92.99	80.27	110.62
Pacific Ex. Japan (225)	115.64	-0.4	101.09	104.02	4.49	116.13	101.61	104.64	128.27	87.51	161.85
World Ex. US (1893)	135.21	-0.4	118.19	118.07	1.79	135.72	118.74	118.39	146.49	120.26	140.10
World Ex. UK (2153)	125.55	-0.2	109.75	115.96	2.17	125.78	110.05	116.07	131.77	111.77	134.00
World Ex. So. Af. (2415)	125.98	-0.1	110.12	115.82	2.38	126.05	110.29	115.80	132.39	113.26	135.92
World Ex. Japan (2019)	109.89	+0.5	96.06	106.33	3.68	109.33	95.65	105.79	112.43	100.00	132.05
The World Index (2475)	125.86	-0.1	110.02	115.67	2.39	125.93	110.18	115.65	132.38	113.37	136.25

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).